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From the Welfare State to the Enabling Society

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From the Welfare State to the Enabling Society

Peter Hicks

January 2014

FROM THE WELFARE STATE TO THE ENABLING SOCIETY

Third draft for comments, January 2014, Peter Hicks[1]

COMMENTS AND SUGGESTION WOULD BE MOST WELCOMED. I can be reached at peterhicks@sympatico.ca.

ABSTRACT

Current information and communications technology is only now starting to be used in the world of social and employment policy and analysis. The full use of that technology will transform policy-making, social research and analysis, the design of social programming and the way in which it is governed. On all fronts, the changes will be deep and highly beneficial – including for individual well-being and government treasuries.

Today's welfare state policies came to maturity some fifty years ago in the pre-computer age and are reaching the end of their useful lives. The transformed system which will replace it is referred to as the enabling society. A series of push and pull factors make the transition to the enabling society inevitable over the long run. However, the transition could be bumpy in the absence of a conscious implementation strategy. The paper proposes such a strategy, one that builds on areas of common interest, which provides a satisfying long-term narrative about future directions that will encourage consensus, and that will provide demonstrable payoffs in the short- as well as the long-term.

Key characteristics of the enabling society include a citizen-centred focus, evidence-driven programming, a shift to asset-based and lifecourse perspectives, shifting to partnership-based horizontal dealings within the social policy world, and a radical improvement in efficiency, openness, accountability and systematic learning within government. In the enabling society individuals will be more responsible, within their families and communities, for determining the course of their own lives – but with increased support for those who are most vulnerable, who face the greatest obstacles in developing their capabilities and making life choices.

Central to these reforms is a radically improved base of 'what works best' knowledge. This is produced by new 'big statistics' techniques that, for example, can calculate tailor-made estimates for job-seekers of the expected success of specific options that are available, such as applying for specific jobs, retraining alternatives or moving to another city – available on line, at the time the decision is being made. This same 'what works best' evidence will also result in transformative improvements in program design and delivery, in governance and in partnership arrangements.

Key words: social policy, labour market policy, longitudinal analysis, lifecourse, social statistics, welfare state, future studies, public administration

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1. INTRODUCTION AND SUMMARY

This paper argues that a radical change in social and employment policies is on the reasonably near time horizon. Deep changes will take place in the instruments of social policy and in their governance. We refer to this as a shift to the 'enabling society', a phrase that is used in the paper as a shorthand reference to the new social and employment policies that will replace traditional welfare state policies[2].

1.1. What remains the same? What will change?

To better understand what is meant by the 'enabling society', this introductory chapter presents a brief description of traditional welfare state social policy and then shows what will be the same and what will be different when we move to the enabling society.

The scope of the paper

The enabling society concepts apply to all social policies: education, health, income taxes and transfers, social services, transitional employment services, social housing, neighbourhood development and many others. This paper, however, will concentrate its discussion on taxes and transfers such as pensions, social assistance, employment insurance and transitional social and employment services such as training.

This limited scope was chosen in order to highlight those areas where we are likely to see the deepest transformation over the coming decade. As well, the author's own direct policy experience has been mainly in these areas and the paper draws on that experience as well as on the broader literature. That said, a sensible next step would be to extend the analysis to other areas of social policy, particular those dealing with education, health and public safety.

All developed countries are in process of shifting to the enabling society. However, the focus of this paper is Canada where social policy is based on the dominance of markets and private provision, an approach that Canada shares, for example, with the United States, the United Kingdom and Australia.

Welfare state policies

The paper uses the phrase 'welfare state' policies to refer to the dominant feature of the social policies that came into maturity in developed countries mainly in the 1960s and 70s[3]. In welfare state conceptions of social policy, the emphasis is on government programs that provide income support to people who need additional resources at different points in their life and on transitional service such as training to help them through difficult transitions in life such as becoming unemployed. The purpose is to get people back to work, to reduce poverty, to help maintain living standards over the course of life and to achieve a range of collective goals such as economic prosperity and public safety.

[2]The phrase 'enabling society' was used by the present author in internal Government of Canada documents in the early 1990s. The phrase was used in published documents only in recent years (Hicks 2012b, 2013a, and 2013b). It would be more symmetrical to use the phrase 'enabling state' in making the contrast with welfare *state*. However, the term 'enabling state' has already been used in the literature to refer to a shift within the welfare state towards somewhat greater use of private, as opposed to public, provision of services (OECD 2005). The enabling society concept used here is much broader and refers to deep changes in the instruments of social policy and in the relationship between individual and state – as well as governance issues.

[3] That is, we are not using the phrase as a way of describing the countries themselves as in Esping-Andersen's famous categorization of welfare states. (Esping-Andersen 1990).

Income and transitional services are, of course, not the only resources that people need to lead a full, productive life in a fair and equitable society. In traditional welfare state thinking, these other resources are not neglected but tend to be addressed on separate policy tracks (e.g., the education system, public housing, the health care system, or the justice system).

In much welfare state thinking, monetary income is often thought to be a reasonable proxy for these other resources. With a decent income, people can buy many needed services. Indeed, in more extreme versions, income is seen as almost the only social program, for example by providing vouchers so that people themselves can purchase a wide range of health and educational services.

High level goals remain unchanged

When looking at ultimate objectives, there are no differences between the welfare state and the enabling society. Both are trying to do the same thing, but using different methods.

The pre-computer technology that was available when the welfare state was put in place only allowed social and employment policy goals to be efficiently met by programs that made a difference in people's lives at particular points in their life. Their effectiveness was assessed by looking at changes in the average characteristics of large population groups – for example, whether point-in-time readings of youth unemployment fell from last month, or poverty among older women was lower than in the previous year. The relations between individuals and government were captured by words like beneficiary or client.

In the enabling society, the technology that is now available allows the same high level goals to be met by programming that is tailored to the circumstances of specific individuals and that is assessed in terms of subsequent changes in the life of that individual. Individuals, of course, have prime responsibility for determining the course of their own lives, and the role of social programming is therefore citizen-centred and defined in terms of partnership and enabling support, not in terms of client or beneficiary relationships. Success is assessed through micro level, longitudinal analysis rather than through the aggregate, cross-sectional analysis of the welfare state.

This citizen-centred, individual focus of the enabling society is, however, not at odds with the collective aspirations associated with the welfare state. Both systems encompass diverse views on matters of values, priorities and principles. Within the welfare state tradition, there has always been a range of views on the relative importance of, for example, equity and individual choice – the familiar left-right debates about the extent to which a society's resources should be allocated collectively or privately. These debates are not greatly affected by the shift to the enabling society. Each left-right debate on these topics within the welfare state view of social policy has an exact counterpart within the enabling society view. There are two big differences however. First, the enabling society sees individuals in the broader context of their lives in the family, in the community, in work and school as opposed to the narrower individual-state dichotomy of the welfare state. Second, people at all points on the political/values spectrum will find it significantly easier to meet their aspirations in the enabling society than in the welfare state.

Radical changes in the design of program instruments and in governance

While they share the same values and high level goals, the enabling society programming will look very different from traditional welfare state programming. The adoption of current information and

communications technology will change the design of policy instruments in the enabling society in at least eight interrelated ways.

First, a focus on individual citizens. Welfare state policy thinking centres on the individual-state relationship and welfare state programming is assessed in terms of its effects on the average characteristics of larger population groups. In the enabling society, policy thinking centres on the individual and his or her relationships with family, community, work, schools and governments. Enabling society programming is assessed in terms of its role, as one aspect of the whole range of supports that are provided by all these actors, in assisting specific citizens in making their own life choices.

Second, a shift to evidence-driven programming. Reliable, continually-improving evidence of expected outcomes – knowledge of 'what is likely to work best' – will lie at the heart of program design, delivery, assessment and governance. As well, such information will be a powerful new policy instrument in its own right. 'What will work best' information will be made available to citizens in real time via the internet when they are making key life choices, without the need for direct government services or supports. This information will be tailor-made to the circumstances of particular individuals, based on evidence of what has worked best in similar situations in the past.

Third, a shift to a lifecourse perspective. Most welfare state programming was designed to supplement people's income at specific points in their life, or to provide assistance for specific transitions such as that from unemployment to employment. These programs will continue to be used in the enabling society in areas where they make sense. However they will be joined by programming that is intended to make a difference in the subsequent lives of individuals and that is designed to work in harmony with the events and activities that take place in family, work and community. Policy analysis in the enabling society will examine issues such as equity, poverty and exclusion over longer stretches of life as well as at single points in time.

Fourth, a shift to asset-based policies. The point-in-time perspectives of the welfare state placed heavy weight on monetary flows to individuals as tools of social policy. The shift to a lifecourse approach is associated with a greater emphasis on the role of assets (financial, human and social capital) in meeting social objectives and on the social investment role of government in supporting the creation of these assets.

Fifth, more focus on those facing the greatest obstacles in developing their capacities and in making life choices, including people with mental and physical disabilities and people facing multiple obstacles, often arising in several domains of life. The instruments in the welfare state tool kit are ineffective in reaching those with greatest need. The lifecourse, evidence-driven tool kit of the enabling society will be far richer and will support more effective partnerships in working with those who are now the most excluded.

Sixth, generational and sustainability issues will become integrated into current policy thinking, including program design. In the welfare state, intergenerational fairness and sustainable were largely seen as external concerns, the side-effects of the welfare state to be dealt with by separate instruments, if at all. The tools for generational analysis were largely missing. The enabling society places the individual citizen in a broader social context, one that incorporates the widespread goal of leaving a better world for one's children and for succeeding generations. Big statistics will provide the tools for understanding generational issues and doing something about them.

Seventh, horizontal integration. The technology used in the design of welfare state programming meant that efficiency and accountability required the creation of a series of separate program silos,

with resulting difficulties in coordinated action across programs, jurisdictions and in supporting analytic disciplines. In the enabling society, common 'what works best' knowledge will greatly facilitate coordinated action and partnership among an even more extended network, including citizens themselves, a range of non-governmental bodies and government bodies in all jurisdictions.

Eighth, vertical integration. The new knowledge will also result in a radical improvement in efficiency, openness, accountability and systematic learning within programs. Finely-grained information on what is working and what is not working will be simultaneously available in real time to program administrators, designers and evaluators, as well as to citizens and interested groups. Openness and accountability will increase. Programs will constantly improve based on feedback loops of updated information on what is working best. Fewer government employees will be needed, especially in administrative functions.

1.2. The argument in summary form

The first part of the paper describes the content of the enabling society from different perspectives. Chapter 2 compares a simplified version of today's welfare state programs with the instruments that will be used to deliver policy in a mature enabling society. Chapter 3 examines the pressures that are driving the transition to the enabling society. Chapter 4 shows why the shift to the enabling society is not just a matter of making use of the new Information and Communications Technology (ICT) to do existing things better – more efficiently and effectively. It will also allow us to do better things. Chapter 5 deals with the governance of social policy, where radical improvement can also be expected.

Policy instruments in the enabling society

Of the four main instruments for delivering social policy, the biggest transformation will be in information products. Service products will also be radically improved. Income support products will see perhaps less immediate change, since the ICT revolution has already had a bigger impact here – but major changes are also likely in the longer term. The least change is likely to be in regulatory instruments.

Information instruments

Information products, such as social marketing (e.g., promoting safe working conditions) and the production of self-help information (e.g., information on future skills shortages) play a relatively small independent role in achieving social policy goals in today's welfare state. They are mainly used to support other kinds of programming.

A radical shift is ahead, with information products becoming the central, defining feature of the new citizen-centric social policy. National social statistics will be transformed from its present primary role of supporting government and academic researchers and analysts to becoming a powerful tool that will provide ordinary citizens with information on what is likely to work best for them in making decisions in the labour market and social domains of life. This knowledge will be available to citizens instantaneously over the internet (or whatever comes after the internet) at the time decisions are made. For example, an unemployed job seeker would be able to compare the likely outcomes of various options that were open to him or her – such as applying for specific jobs, training, counselling or moving elsewhere – based on calculations that were tailor-made to the particular situation of the individual.

Much of the paper is an elaboration on the how such 'what works best' information can be readily constructed using today's ICT technology and existing data sources, on the multiple uses of this kind of information in other areas of social policy and how it will transform the roles of governments, citizens and the actors in the social policy world.

Service instruments

Service instruments such as the education and health care system will be transformed over the longer term by the use of 'what works best' information. The paper, however, concentrates on the more immediate changes that can be anticipated in transitional support services such as training and other forms of active labour market programming.

The use of 'what is likely to work best' evidence in the design and management of transitional services, together with the use of that evidence in referring people to specific services, will result in a major improvement in the success rates of these services. As well the system will get better over time as the result of information feedback loops that are built into the system. Progress in implementing such programming could be reasonably quick since rich, but currently untapped, sources of information are available and the needed technology is already widely used elsewhere.

When the direct use of 'what work best' information by citizens is combined with the use of that information in transitional employment and social services, the result will be major improvements in the operation of labour markets, in shortened durations of unemployment and exclusion and in reduced social assistance and employment insurance costs.

Another effect will be the greater targeting of services on the most vulnerable – citizens who face the greatest obstacles. The paper outlines the reasons for this.

Income security instruments

Income is provided to people on the assumption that, in most cases, people will know best on how that money should be spent to meet their particular needs and preferences. This is a standard tenet in economics which is based on the assumption that individuals themselves have the best information on what is most likely to work best for them. Yet information on what is likely to work best when making big life choices is often missing at present, particularly the medium- and longer-term effects of decisions made today. With the new enabling society information, individuals will have a much clearer understanding of the likely outcomes of different choices and expenditures they make, increasing the effectiveness of income transfer programming.

Income support instruments such as tax credits, employment insurance, pensions and social assistance have already benefited from the use of the new technology. However deeper changes are on the longer-term horizon here as well. The paper explores how asset-based and lifecourse initiatives are beginning to supplement the point-in-time income flow perspectives of welfare state programming. Under welfare state programing, income security programming has been edging towards a guaranteed annual income (GAI) – a negative income tax version of a GAI in the case of Canada. Something like a point-in-time GAI is likely to remain as one dimension of the end state of the enabling society, but it will be supplemented by arrangements that take the whole lifecourse into account. The characteristics of such a 'Guaranteed Lifetime Account' are described.

Regulatory instruments

Current trends towards ever-greater reliance on regulatory instruments will likely continue as we move towards the enabling society, although with some shifts in emphasis. The new enabling society

technology will, by itself, have mixed consequences for the regulatory system. Better information will be available for use in monitoring adherence to rules. That might ultimately result in reduced levels of distrust in government and it is that distrust which has been partly responsible for the increasing use of regulations. However it might also disclose previously unseen problems of inconsistency or non-compliance that could create pressures for an even stronger regulatory role. The enabling society will also see many more applications that draw on the programming of different jurisdictions. That is likely to lead to strong pressures for greater harmonization of the rules governing those different programs.

The combined effects of instrument change

Social and employment policies will become far more effective and evidence-driven. The use of 'what works best' information means that social policy will reach more people, at relatively less cost (since information is relatively inexpensive to produce), and with less intrusion on people's lives (since information products are less intrusive than traditional services and income support). Services such as education will continue to increase in importance, as will remedial services for those in greatest need. Income support programming, especially pension spending, will fall in relative size, as will employment insurance and social assistance.

Today's social and labour market objectives will be met to a greater degree and with less cost. Depending on the priorities of the day, these cost savings could be used for other purposes, or retained in the social envelope to take on additional problems that are not currently addressed.

The enabling society: a response to current pressures

A rich literature exists on the pressures that drive social policy. Demographic pressures, especially the fiscal and macro-economic effects of population aging typically rank high on the list, as does the importance of investments in skills and human development to meet the economic pressures associated with maintaining and increasing prosperity in a globalized knowledge economy. Growing income inequalities, and the persistence of pockets of poverty, are also high on the list of pressures for change – with much attention paid to need to remove the gender inequality that still exists in the workforce.

The push factors

Fiscal concerns are a major factor pushing away from the costly welfare state and towards the relative efficiency of the enabling society. While important, the push factor is sometimes seen as almost the only important pressure. In reality, pull factors will be at least as important over the long run. Fiscal pressures are large now, but their long term effect is somewhat cyclical, reflecting the business cycle and the size of government debts. As well, much of the current fiscal concern reflects a misunderstanding of the effects of population aging which, for reasons discussed in the paper, is unlikely to have large fiscal and macroeconomic consequences, at least in Canada.

In the early years of the welfare state, fiscally-driven reforms included reducing government spending by improving efficiency or reducing existing benefits. However, there is now little remaining room for, or interest in, further reforms of this sort. In recent decades, much the largest reforms have been to shift the burden of funding to individuals and other parties, with the emphasis on reducing the anticipated future growth in spending. There are many examples, most notably in the area of pension finance. By increasing individual responsibility for financing, it is possible to meet fiscal goals in ways that also make sense for substantive reasons, such as increasing individual choice over major lifecourse decisions.

The pull factors

Existing pressures towards promoting skills and human development, and towards tackling pockets of exclusion and growing inequality, will be much easier to handle in the enabling society and are therefore treated as pull factors. A risk is that some solutions that promote a more skilled and competitive work force also work in the direction of increasing inequality. In order to simultaneously address economic, demographic and social pressures, policies must take a generational and a lifecourse perspective.

From a generational perspective, the most effective policy response would be heavy investment in early childhood learning and development. That will only succeed, however, if there is also policy emphasis on gender equality in the workplace and in family caregiving responsibilities. Both strands – a strong early learning infrastructure and greater gender equality – must be there if either goal is to be met.

From a lifecourse perspective, the most effective policy response would be programming that allows individuals to gain greater control over the course of their own lives, including their lifetime pathways through the worlds of work, family and learning – and the pathways from work to retirement. It would be particularly important to remove existing policy-supported incentives to spend less of life in work and to have fewer children than people would prefer. Lifecourse policy responses will also place stronger emphasis on addressing the needs of people with greatest difficult in navigating life's pathways, including those with physical and mental disabilities.

In other words, the push and pull factors both point to a policy emphasis on supporting greater lifetime choice – which is what the enabling society is all about.

The enabling society: a better social policy

The shift to the enabling society is not only a response to external pressures. The enabling society will be a better society. But what does it mean to be better? The paper explores three kinds of answer. First is an examination of what influential thinkers have to say about better directions for social policy. Second is an examination of the views of governments, the representatives of the people, on desirable future directions. Finally, the paper explores what citizens themselves think when asked about their values and opinions.

Perhaps the main message coming from thinkers in the academic community is the need to see social policy from a human development perspective, particularly in supporting people in developing their capacities. Another theme is the need to better address persistent exclusion. A third stream of thinking focuses on inequality, particularly gender equality and growing income inequality. The new emphasis is on well-being at the level of specific individuals and on individual choice. This is not necessarily in conflict with more collective, aggregate orientation of welfare state policies, but it does place more importance on setting objectives, and measuring success, in terms of individual lifecourses and respecting individual diversity.

Governments of developed countries, when acting in a collective think-tank mode through the OECD and similar bodies, have views about desired future directions that are similar to the academic thinkers. Lifecourse, human development, social investment and gender equality issues prevail. The trend is towards seeing social policy not only in terms of the workforce and education, but also in terms of family – including issues of caregiving and the early childhood development.

In terms of the views of people themselves, the World Values survey has shown an international trend towards self-expression values. These shift the policy emphasis away from constraint-based programs and towards supporting choice at the individual level. Public opinion surveys do not show any rejection of the large government social spending associated with the welfare state, but they do suggest support for different kinds of active policy instruments, particularly ones that involve effective support for social and economic integration, with less support for income support taken in isolation.

The paper reviews how these general trends play out with respect to the four main goals of social policy: a) supporting those in need; b) supporting the allocation of resources over the lifecourses of individuals; c) learning, human capital and prosperity; and d) addressing inequality. One aspect of inequality, centring on issues of generational fairness and sustainability, is given extended treatment. It is an area where, today, there is a strong sense that real issues may exist but where it is virtually impossible to take action, or even understand what action is needed, given the constraints of existing evidence and existing welfare state programming.

In all cases, the directions are compatible with the enabling society themes described at the outset of this chapter, except that the literature does not deal explicitly with the transformative potential of ICT to produce 'what works best' information. Rather, the literature implicitly assumes an extended period of incremental changes mainly based around existing government-centric policy instruments. There is no suggestion that these are preferred to the new citizen-centric instruments of the enabling society; it is rather that the possibility of such instruments has simply not been foreseen in mainstream social policy thinking.

Transformed governance in the enabling society

Much of the literature on governance is quite harsh in its diagnosis of the existing ways in which social policies are managed. Although not always put so bluntly, the following terms characterize much of the diagnosis: top-heavy, unaccountable, stuck in existing silos, not joined-up, demoralized, unresponsive, dysfunctional, and bloated. In dealing with prescriptions, the literature typically calls for quite different approaches – either a return to some golden age in the past or, more constructively, a call for new approaches. These new approaches often centre on better ways of working in partnership, with the role of public institutions being seen as one of enhancing the capacity of the society as a whole to achieve better results, as well as delivering the government's direct programming efficiently and effectively. Shifting to these new ways of doing business is typically seen as being a difficult task that will require additional governmental sub-systems and functions – addressing increasingly complex problems through increasingly complex governance arrangements.

This paper suggests that such diagnoses and prescriptions are based on the assumption of the continuation of existing, but slowly dying, welfare state programming. In contrast, the paper argues that, in the enabling society, the world of governance will become much simpler and more effective. Once the 'what works best' information that will reshape the instruments of social policy starts to be used in governance of social policy, there will be a new harmony between what is done and how it is done. Horizontal and vertical issues will be managed an evidence-driven manner, efficiency and effectiveness will increase, overhead functions will be slashed, accountability will increase and motivation and trust will grow.

Inside government, service delivery and managerial incentives, as well as accountability regimes, will be based on current estimates of expected outcomes. This will ensure that lower order measures of inputs and outputs, which are needed to ensure efficiency within the different subsystems of a program, are

working in harmony towards higher order objectives and not diverting attention away from the real outcomes, as is often the case at present. Similarly, the same 'what works best' information will also support evidence-driven partnership arrangements through a hierarchy of output and outcome measures that can support the varying, but overlapping, objectives of the various partners.

The paper provides a practical example of why evidence-based governance along these lines was simply not possible with welfare-state social programming, particularly in the provision of services. The data were simply not there to do it well, and reliance on the information that did exist made things worse – distorting incentives and too often resulting in a demoralized system, mired in red tape. The paper uses the same practical example to show how this will change radically in the enabling society, where a system of big statistics will allow the creation of micro-level evidence that is tailor-made to the real objectives of the many actors who play a wide range of quite different roles in the system.

As well, the enabling society would see deep changes in the roles of the main social policy actors. The same base of comprehensive 'what is likely to work best' information will be available to all actors, including citizens, government agencies in all orders of government, voluntary organizations, service providers like schools and colleges, and private companies. That will enable the whole system to operate on the basis of partnership. Partnership relationships between government and citizens will replace beneficiary, or client or customer relationships. New partnership arrangements between governments and other institutions will supplement, although not replace, traditional contracts and contribution agreements.

The evolution towards new forms public-private partnership has already begun. The paper reviews some successes and failures.

Smoothing the transition to the enabling society

The second part of the paper discusses ways of smoothing the transition to the enabling society. Chapter 6 outlines a four-part strategy for a low-key initiative that will help speed the transition. Chapter 7 describes one element of that strategy in some depth. This is the development of the system on big statistics that will transform the content and governance of social policy. Chapter 8 elaborates on a second element of the strategy – the development of a conceptual framework that will provide a common view of the end state, of the ultimate goal that we would like to accomplish through countless incremental and independent initiatives.

An incremental strategy

Current ICT technologies will eventually be used in social policy, whether or not there is a conscious implementation strategy. The benefits in terms of improved outcomes, reduced costs and improved governance will be too large to ignore. However, the transitional period could be bumpy. There would be large payoffs from smoothing and shortening that transition period.

What is needed is a gradual implementation strategy that will build on those shared interests that do exist. That strategy would set out a new narrative about what should happen in the future, a kind of vision of the enabling society that will gain support and consensus. It would also set out a plan for gradually moving us towards that vision in a non-threatening, consensus-building manner that resulted in measurable payoffs in the short- as well as the longer-term.

The paper proposes a four part implementation strategy that builds on existing strengths and by-passes obvious pitfalls.

The first element of the strategy would be to accelerate the development of the system of big statistics which will, in turn, provide the 'what works best' information that powers the entire transformed approach to social and employment policies.

The second element would be the further development of a conceptual framework that describes the desired end state both of the policies themselves and of the supporting system of big statistics. In doing so, it will also provide a common language that can be used by all actors in the social policy world. A common language, and the existence of an agreed end state, does not mean that the independent initiatives of many different actors will always work in a consistent, coordinated manner. However, it would be a major step in the right direction.

The third element would be the modest funding of series of practical experiments, demonstration projects, and research initiatives that would both have payoffs in the short term and that would foster the development of the enabling society programs and policies. Experimental development of 'what works best' information both directly by citizens and in active labour market programming could have especially high payoffs.

The fourth element would be to make use of the language of the framework in a series of consultative exercises related to the development of big statistics and the experimental initiative, along with consultations that would be taking place in any event in conjunction with current social and employment policy initiatives. These would help build understanding and support for the new directions and would provide an opportunity to further develop the conceptual framework.

Leadership will be needed for these four elements to work in harmony. There will be a need for a senior voice that advocates, and helps shape, the shift to the enabling society. The paper explores some possibilities that could work in Canada, particularly building on the considerable opportunities that are made possible by existing federal-provincial-territorial arrangements.

Big statistics

Big statistics are the next stage beyond the 'big data' techniques that are currently much in the news. Big data provides interesting new information by using powerful tools for extracting meaning from a multitude of basically unstructured, disparate data sources. Big statistics use similar tools but add an integrating conceptual structure to the multiple data sources. The result is information that has the power to transform social policy and, more fundamentally, make life much better for all citizens.

On the surface it seems odd, even perverse, to propose that the statistical system be used as a tool to speed the evolution of substantive policies and a better quality of life. Ordinarily, the social statistical system responds to the changing needs of policy and does not lead them. They are important for researchers and provide media with interesting tidbits, but are hardly life-changing. As well, at least in Canada, the central statistical agency has been under attack and there is concern that governments have little interest in statistics and research.

This paper explains that existing statistics are used, although in ways that are not always visible. However, national social statistics are becoming increasingly less relevant. They were designed and structured using pre-computer technologies and increasingly tell stories that are becoming stale. The

paper provides a long list of unmet statistical needs that are of critical importance to policy making and effective programs.

The situation will, however, dramatically improve when the statistical system catches up and begins using current ICT technology. The result will be an explosion of new, relevant information, with less cost and less response burden than at present. The real-time tailor-made calculations of 'what will work best' are one example. The sources of data will change, with much greater use of administrative files. The structure of data will change to a data warehouse model, no longer organized according to the sources of the data such as surveys, census or administrative files. The tools of statistical analysis will change and will be based on micro, lifecourse data as opposed to aggregated cross-sectional data. As well, the users and uses of the national statistical system will change – towards practical, individual-level decision-making information by citizens and organizations, as well as even stronger support for today's prime users in academia and government.

There is very little recognition in either the social policy literature or the social research literature of the transformative power of the new system of big statistics. It is far more powerful, for example, than the 'big data' transformation that is already underway in many other areas. The paper therefore takes a step back and explains in laymen's terms the seeming miracle that is on the quite near time horizon.

Olivia: an integrating framework for the enabling society

The system of national accounts provides a powerful integrating framework for economic policy and economic statistics. At the time when the welfare state was becoming mature, there was an attempt to create a framework that would have played a similar integrating role for social statistics. It failed, but the need for an integrating framework is even more important in smoothing the transition to the enabling society. Among other functions, it will provide a needed map to the emerging warehouse of big statistics. It provides the integrative tool that allows 'big data' to be transformed into the far more powerful 'big statistics'. It will provide a common language that can be used by people in all of the various policy and research silos to communicate their needs to statistical planners. It could eventually become a common language that will improve all forms of communication that touch on social and employment issues, both narrative and numeric.

Canada has taken a lead in developing such a framework. The present state of development of the so-called Olivia framework is described. Examples are provided of how it fully supports both the cross-sectional economic analysis that has been dominant in the welfare state and the asset-based and lifecourse perspectives of the enabling society. As well, it can support all types of analytic techniques, quantitative and qualitative, values-based or descriptive. It has been designed to provide links to macroeconomic and historical analysis. It sheds light on sustainable development. It can be readily extended to virtually any field of social policy: learning, health, crime and justice and housing – including both spending and regulatory instruments.

PART ONE.
WHY LIFE IN THE ENABLING SOCIETY WILL BE BETTER

2. THE INSTRUMENTS OF THE ENABLING SOCIETY VERSUS THOSE OF THE WELFARE STATE

This chapter compares the social policy instruments of the incoming enabling society, once they become mature, with those of the outgoing welfare state.

Section 2.1 describes information products, including 'what works best' data, which is the cornerstone of the enabling society.

Section 2.2 describes the new content and design of programs that provide services.

Section 2.3 describes the changes that will take place in income security programming, including taxation.

Section 0 turns briefly to the final type of policy instrument, the regulatory system.

Section 2.5 examines changes in the relative size and importance of the new enabling society social policy instruments.

2.1. Information products

Information products will never be a big budget item but they will nevertheless play a central, defining role in the enabling society. Four types of information products are at play: national social statistics, social marketing, referral and self-help information, and, by far the most important, the new addition in the enabling society – individually-targeted 'what works best' information.

National social and labour market statistics

The system of national social statistics will be profoundly affected by the arrival of the enabling society. There will be deep shifts in the sources of data, in the way in which the data are stored, analysed and accessed – and, indeed, in the very purposes of, and audience for, national statistics. This transformation is sufficiently important that we have made it the subject of a separate chapter, Chapter 7, which argues that the structure of today's statistical system is a product of pre-computer technology and is overdue for a catch-up period that will result in: a) an explosion in the amount of useful data that is produced, with less cost and response burden; b) vastly more powerful tools of analysis; and c) a shift to individual citizens as the prime users of statistics, rather than governments and academics who are today's main clients.

Social marketing

Social marketing is the use of information to discourage behaviour that has undesirable consequences (e.g., unsafe work environments, discrimination, eating junk food) and to encourage behaviour that is in line with society's social goals (e.g., training for occupations that are in demand, active living, and adequate personal retirement savings).

Currently social marketing[4] is mainly used in the health area and is less developed in the employment and social services areas. In part this reflects the state of empirical knowledge, both about the extent and characteristics of the undesirable and desirable states in question and about the extent to which behaviours can be modified by these social marketing tools. That is, it is a little easier to find quantitative evidence of this sort in the health area than in the area of employment or social exclusion – although in no area is the evidence all that good.

In the social and employment areas there has been recent interest in 'nudge' policies[5]. These can be seen as initiatives to incorporate social marketing tools, and lessons that are being learned from behavioural economics, into mainstream program design and delivery. The goal is to use small levers that influence behaviour in ways that result in better social outcomes. For example, suppose a retirement savings program allows people to make a choice among, say, different investment strategies or contribution rates. If an individual does not make a specific choice, then social marketing considerations would lead to making the default choice that would be set to be the one that experts think will get the best results for most people.

Information about the nature of social problems and their solution will be much stronger in the enabling society. This might suggest a larger role for social marketing since promotional activities would be grounded on better evidence. However, in a mature enabling society, 'what works best' information will also be directly available to individuals in an intuitive, easy-to-use form. The result might be a reduced need for intermediary marketing products.

On balance, in the coming decades while the new system is becoming mature, it would seem reasonable to anticipate at least a modest growth in the importance of social marketing, particularly in the employment and learning area, driven by our growing knowledge of what actually works best and of the effects of nudge initiatives.

Referral and self-help information

Access to bulletin board and self-help information is already increasing rapidly with the growth of internet sites that, for example, refer job-seekers to specific job openings. This kind of information product will doubtless grow even more rapidly in the coming years and will be more closely tied with the other information products such as self-help occupational counselling and lists of available courses at local training institutions. Most important, there will be an integration of this kind of information with the individually tailored 'what works best' information described below.

What works best information

Individually-tailored 'what works best' information is the critical new feature of information instruments and lies at the heart of the entire enabling society transformation.

Figure 1 describes the kind of information that would be available to a citizen who wished to change his or her present employment status. For example, he or she might be unemployed, or trying to get a better job, or considering a move to a different part of the country. Figure 1 shows how that person

[4] There is also much marketing associated with promoting the use of existing government products (e.g., encouraging use of tax incentives for retirement savings, promoting the awareness of mental health interventions, or using existing government sponsored training).

[5] Which became popular with the publication of Thaler and Sunstein (2008).

Figure 1. 'What works best' information to support an individual's employment and training decisions

How it would work

The case of an adult interested in improving his or her employment prospects provides an example. The individual in question would be interested in finding out what opportunities are available, such as taking a training course, going back to school or changing jobs. He or she would also want to know the likely success in the labour market of choosing one of these options – with that knowledge being available at the time that the choice is being made.

… information on the expected outcomes of different courses of action

The individual would access a web site developed for this purpose. He or she would provide information to the site about his or her skills, employment history and employment aspirations. Based on this information and on an underlying data base, the site would calculate the expected success rates attached to different alternative actions.

There could be standard ways of calculating success rates, including the probability of finding a job and a range of measures of the likelihood of future job stability and earnings. These calculations would be based on:

- The subsequent labour market experience of people with similar characteristics and in similar circumstances who had made comparable choices in the past.
- Projections of future labour market trends and information.
- Increasingly, information on the success rates of those who used the system in the past.

…information on the options that are actually open

As well as projecting the likelihood of success associated with different choices, the site would refer people to information (typically on related, but separate sites, both public and private) on the practical options that were open including:

- Descriptions of the training options open in the city in question, including from colleges and private trainers.
- Job matching sites.
- Sites that assist people in understanding their present levels of occupational competence and that guide them in job searches, etc.
- Sites providing information on shortage occupations including those in other parts of the country.
- Sites that provide students, and those contemplating major career shifts, with occupational counselling information.

Many such sites are currently available; the required innovation will be to allow them to be accessed in an integrated manner.

… Information when decisions are being made

The information would be provided to individuals in real time – similar to the kind of instant feedback received from Amazon.ca or Expedia.ca or their competitors when choosing a book or a vacation trip. The calculations involved would be more complex than those used in these examples, taking far more variables into account. However, similarly complex calculations are routinely used in existing big data and web mining applications. Indeed, pilot work in calculating expected success rates for active labour market programs was successfully carried out over 15 years ago, as described in Figure 2.

The underlying data base for 'what works best' calculations

The underlying data base would contain anonymous formulas that were derived from information about all Canadians who had, in the past, undertaken specified kinds of training, or who had returned to school or who had changed jobs or occupations. It would also contain information about their employment and learning history before and after the training or job change. Such information is currently available from income tax and administrative files related to Employment Insurance and Active Labour Market Programs. The administrative data would be supplemented by in-depth information based on follow-up surveys of past participants.

Success will improve over time

And, of course, the calculations of expected success would become more accurate and useful over time:

- The underlying data base will track the subsequent experience of current users (where the information collected is even richer).
- Descriptions of the content of interventions will become fuller and more standardized.
- Training and other interventions provided will also get better outcomes as they, too, will be improved by the 'what works best' data, as explained in Figure 2.
- The results of surveys of user satisfaction will be incorporated.

would have access to information that would allow him or her to make more effective choices on what to do next.

There are two reasons why we chose the example of a labour market application. First, and most important, the underlying data on what happened to people subsequent to labour market interventions is much better than in other social and employment areas. Combinations of income tax records, employment insurance records and information about actual Active Labour Market Program (ALMP) interventions are available for use in this type of application. Second, as discussed in Section 2.2, critical aspects of this application have actually been developed, pilot tested and found to be successful.

However, many other applications are possible. Some, particularly those related to improving individual lifecourse decisions, could be introduced over the medium term. Examples include applications directed to students wishing to learn the probable success of different educational choices, or applications related to retirement planning or to decisions on whether to move to other cities or provinces. Still other applications, such as tackling social exclusion or community economic development could be gradually introduced as data are improved.

Two points in Figure 1 warrant elaboration: those dealing with privacy and with the increasing effectiveness of outcomes over time.

Privacy

The use of micro (individual level) data about the past success in the labour market of people with similar characteristics in similar circumstances will sound alarm bells about privacy. In fact there is no substantive privacy issue, although it will be important to make this clear at the outset. Before it is used in 'what works best' calculations, information about specific individuals is transformed into anonymous equations within a secure environment such as that which is now provided by Statistics Canada[6]. The process is sometimes cumbersome but effective.

Continuous improvements in effectiveness

The assertion in Figure 1 that the outcomes of what works best information will improve over time also deserves some further explanation. This will happen because the underlying data base will grow and become more powerful over time, particularly as additional administrative files are cleaned and become part of the whole system. As well, detailed information can be collected from individuals at the time of their original usage, while information about their subsequent experience will be collected in follow-up surveys as well as obtained from administrative records.

Solving the 'black box' problem will also improve the quality of the data. Currently there is very little quantitative information about what actually happens inside the black boxes of programs such as training or any other kind of intervention. Yet we act on the assumption that things like curricula, class size, and mixes of formal training with practical experience make a difference to outcomes. Placing a priority on gathering this kind of process information should result in a significant improvement in understanding what elements of interventions are actually working best – information that is likely to be crucial in making incremental design improvements.

[6] There is also a potential privacy issue with the respect to the personal data that the individual users provide to the system during the intervention and in follow-up surveys. However, this is easily resolved by seeking informed consent for subsequent, anonymized uses of the data.

The improvement in the quality of 'what works best' data goes far beyond this simple increase in the amount of data captured. For example, an element of random assignment can be built into referral recommendations. The subsequent employment experience of individuals who participated in particular interventions would be compared with those who were in control groups – providing finely-grained, experimental evidence of what is working best for whom – information that can be used to improve the calculations used in the future.

In addition, large gains in the relevance of the underlying data will result from improvements in service interventions themselves, including the collection of more information about what actually happens inside the operation of service interventions. This is the subject of the next section.

2.2. Service programming

Service programming includes initial education, adult retraining, health care, family services such as adoption, food banks, child care, immigrant settlement, rehabilitation and counselling programs, parole programs and many more[7]. The paper concentrates on transitional services such as ALMPs where the transformation will occur earliest. The final section of the paper indicates that extensions in the areas of health and education would logical next steps.

The paper refers to this kind of programming as 'transitional' because it is intended to help people in making, for example, the transition from unemployment to employment, from dependence on institutional support to independent living, from homelessness to having decent housing, or the transition from social assistance, employment insurance and disability benefits to earnings. In the welfare state, some of this kind of programming was referred to as 'remedial', reflecting the intention to remedy problems caused by past societal dysfunction. This could include a heavy reliance on passive income support in some cases or other measures that would make exclusion less intolerable. In the enabling society the emphasis in 'transitional' programming is even more clearly focussed on making the transition out of these situations.

Three big changes will occur in the provision of transitional services in the enabling society. First, services will be transformed by the same kinds of 'what works best' data that were discussed above. Figure 2 provides an example of an application of this technology that was developed in the mid-1990s. Second, these services will be more concentrated on complex, difficult cases, with a wider range of instruments that can be applied. This applies mainly to services to individuals, but parallel considerations apply in initiatives related to community economic development or to industry sector or occupational initiatives. Third, government funding to create additional service capacity will be treated as 'social investment' not 'social expenditure'.

[7] The examples are programs intended to promote social and economic inclusion. While the paper will not discuss the minority of services that are designed to exclude people from society (such as prisons), these too can be well supported by the 'what works best' data that marks the enabling society. The examples in the text are mainly services that are funded by governments. However the same 'what works best' techniques apply to services provided by the not-for-profit and private sectors.

Figure 2. Experience with 'what works best' information to support service programs: the example of ALMPs

The new 'what works best' information provided to individuals, as discussed in Figure 1, would also be available to service providers.

Pilot testing in Canada in the 90s

In the 90s, the predecessor department to Employment and Social Development Canada (ESDC) played a world-leading role in developing and piloting this 'what works best' technology for use in its ALMPs – very much along the lines described in Figure 1 except that the information was directed to front line employment counsellors who referred people to a variety of ALMPs instruments that were open. (The internet did not then exist and there was no thought of direct access by the clients themselves.) In addition to providing data to assist in the referral process, the system was designed to provide business information to assist analysts and managers in determining the best employment and/or training strategies for specific client groups.

The actual econometric equations used were crude by today's standards, but they were still capable of providing better results than referrals that were unsupported by this technology.

How did it work?

The initial pilot study created a 9 year longitudinal file drawn from some 19 administrative data silos (federal and provincial) which were cleansed in order to produce some 2000 variables. Of these, 250 of the most important, from over 10 million clients, were captured in the final data warehouse which was used to make 'what will work best' referrals to the 25 ALMP interventions that were available in local areas.

The techniques that were used underwent a number of iterations based on lessons learned (Colpitts 2002) but, by the turn of the century, they were working sufficiently well that full-scale implementation was possible.

Why did it happen in ESDC?

- It was developed by an evaluation staff which had world-leading expertise in 'what works' methodology.
- It was developed as part of an explicit knowledge strategy which had senior leadership.
- Affordable data warehousing technology was just becoming available.
- Compared with other countries, there was unprecedented access to needed administrative data.

Why that leadership could not be sustained

The system was however not implemented:

- There were perceived privacy concerns (largely unfounded).
- Operational problems occurred because the system was expected to support administrative functions for which it was not designed.
- Front line staff feared that it would be used to cut jobs.
- Program review in the 90s eroded the internal capacity, including in the area of evaluation.
- The department struggled with its broad mandate and was in a crisis mode by the early 2000s – with little appetite for exploring new approaches.
- Knowledge management was no longer explicitly and separately represented at senior management tables.
- Responsibilities for ALMPs were increasingly shifted to the provinces, where technical capacity was not nearly as developed in areas such as this.
- The accountability regimes of the time placed greater emphasis on matters related to service delivery and on efficient process – with less attention paid to measuring the subsequent outcomes of the programs.

Costs and benefits

The project was abandoned before the costs and benefits of full scale implementation could be calculated. However, a subsequent experiment in Switzerland gives some sense of the order of benefits that are likely. The Swiss used a controlled experiment to compare the results obtained from 'what works best' calculations to the results achieved by experienced case workers. (Lechner and Smith 2007).

- The case workers got about the same results in referring clients to interventions as did random assignment. That is, they added no value but did no harm.
- However, interventions based on techniques similar to those that were piloted in Canada resulted in significant gains in post-intervention employment rates – of between 7% and 15% depending on assumptions that were made.

This was a very large return when considered in the context of the relatively small costs of developing such 'intelligent' referral tools and in light of the fact that results will improve over time based on lessons learned from feedback about past successes and failures.

Where things stand now

The costs of computing have fallen dramatically since then. The econometric methodologies have been quietly improved, and the technology could be resurrected with a modest investment.

Learning organizations: a step beyond evidence-driven programming

There is much current interest in evidence-driven programming, with attention focussed on evidence derived from formal experiments with random assignment. Clinical trials in the health care area are the main current example. The 'what works best' information described in this paper shares some of the features of this kind of evidence, but will be far more powerful[8] because of the addition of feedback loops built into the design of these interventions. Enabling society programming will learn, and automatically improve, over time – based on evidence of what has worked best in similar circumstances in the past. Take the example of ALMPs for the unemployed people:

- Those who design the ALMP intervention will know the mix of training, job experience and counselling that has worked best for different categories of jobless people in different labour markets in the past. They can incorporate this knowledge in their current designs.
- Front line teachers and counsellors will learn about subsequent experience of their clients, as well as direct feedback from current participants about their perceptions of the quality of the intervention and of any problems that were encountered.
- Those who market the program will have much more detailed information about the characteristics of those who might gain the most benefit from that training.
- Those case workers or counsellors who refer people to the intervention will have good data on likely success rates – the same 'what works best' data that were described in Figure 1. This is an area that has been pilot tested in the past, as described in Figure 2.
- Those who monitor, assess and evaluate the program will have excellent information about costs and success rates both historically and in comparison with similar interventions.
- Those who fund the ALMP interventions will have good cost-benefit data on which to base their decisions.
- And, most important, the individual participants will have a good sense of the expected results of that training, including comparisons with alternative types of interventions or actions, and will have the opportunity to provide feedback.

Taken as a whole, this information will result in the ALMP question becoming part of a self-adjusting, learning system. The traditional conception of a program that consists of static rules and procedures will gradually become obsolete, to be replaced by that of a system which is continuously evolving in response to changing needs and circumstances. The transition to the new approach may be bumpy in

[8] Unfortunately, terminology in this area is confusing. Often 'evidence driven' is used in a much looser sense, simply to mean any policy application that uses evidence drawn for any sort of research, such as most current economic analysis which is typically based on analysis and models that show relationships but not causality. Even more confusing, the phrase 'what works' is used in at least three senses: a) to mean information that results from the more loosely-defined research just described; b) more tightly – to refer to data from random assignment techniques that allow analysis of causality to assess the effectiveness of programs taken as a whole; and c) in the newer sense used in this paper where 'what works best' information refers to evidence about the expected outcomes of specific decisions. For example, the UK has recently set up of a series of 'What Works evidence centres for social policy', that appear to use the first, loose definition. American groups, such as the Coalition For Evidence-Driven Policy tend to use 'what works' in the middle sense of referring to evidence based on random assignment. In an attempt to avoid this confusion, I once used the phrase 'smart transactions' to refer to the third application – that is, to refer not to the 'what works best' information itself, but rather to describe the decision-making processes that make use of this information. However this was not well understood and may even have added to the confusion.

places but, once mature, we will see less of the large funding shifts and sudden changes in direction that now characterise many ALMP systems.

Greater targeting of transitional services

Evaluations have shown that untargeted service programs run a high risk of simply subsidizing activities that would take place in any event as a result of market incentives[9]. Most transitional service programs are therefore focussed on the approximately 20% of the population where they are likely to make the most actual difference. Often the programs are addressed to people with low incomes, low skill levels, difficulties in carrying out the daily activities of life or some combination of these.

In the welfare state, transitional services such as ALMPs for the unemployed are mainly directed to those nearer the upper end of this 20%. In the enabling society the focus will shift towards those who are nearer the bottom end of the tail, especially those who are most at risk of remaining in need for long periods of time or who are at transition points in their lives where interventions are most likely to make a difference. There are three reasons for this shift in emphasis.

First, some of those with lesser needs will be better served by directly accessing new 'what works best' information products discussed in the preceding section. However, many of those in this bottom 20% will still benefit from personal dealings with a counsellor or case manager.

Second, and more important, the diagnostic tools available to serve those nearer the bottom will be greatly improved in the enabling society. The new tools will be able to calculate what is likely to work best from a longitudinal, lifecourse perspective – particularly important for assisting the large number of those who face multiple problems such as having some combination of low skills, poor housing, addiction problems, disabilities, or having few sources of caregiving.

Third, a larger and more varied tool kit of potential interventions will be available, including greater choice in mixing and matching those interventions to meet the particular needs. Today's reality is often that the case worker or counsellor who is restricted to referring people to a limited range of interventions, often those that are funded by the agency that has hired the counsellor. As discussed in greater length in Chapter 5, in the enabling society there will be much more opportunity for horizontal initiatives that cut across rule-bound silos – in allowing more choice in tailor-making packages using a wider variety of interventions that will be better suited to the needs of particular users.

Parallel trends in community and sector initiatives

The discussion to this point has been on how services in the enabling society will be more closely tailored to the needs of individuals. Parallel improvements will be possible in geographic or sector initiatives. Part Two of the paper will explore how big statistics will provide the finely-grained, longitudinal information that is needed to understand what will work best in neighbourhood renewal, in community economic development, or in human resources planning for an industry sector. Further there will be a parallel increase in the ability to mix and match programs and initiatives in light of this new evidence.

[9] Indeed, untargeted programming can actually make things worse. ALMP evaluations have shown that many people in such interventions would have been better off if, for example, they had simply spent their time looking for work instead of taking training courses.

There have been major gains recently in the power of geographic information systems to inform policy in small area applications; we are starting to make far better use of existing data. On the other hand, it will take some time to develop the base of big statistics that will be needed to fully support sectoral initiatives with real-time 'what works best' data. Longitudinal information is far more developed for individuals than for firms.

Social investment versus social expenditure

A traditional role of government is to create the capacity to deliver services. This includes building and maintaining schools and funding the training of teachers, as well as funding the actual delivery of training, social services and employment counselling. It also includes funding similar capacity in the non-government sector, either directly or indirectly through means such as tax relief for voluntary organizations. Today, this kind of funding is nearly always a current expenditure, reflecting the point-in-time perspectives of current welfare state policies. That is, the funding comes from current revenues and is accounted for as part of the annual budget cycle, without any specific relationship between the size and timing of the funding to the timing and size of future gains or losses that might result from that expenditure.

In the enabling society, with its lifecourse, asset-building perspectives, most of this capacity-building activity will be treated as a social investment. When the system becomes mature, and when the system of big statistics can provide the needed data, the amount of some forms of social spending will be based on actual calculations of the amount and timing of expected future benefits from those investments. These investments would not show up in government accounts as current expenditures taken from general revenues, but in separate ear-marked accounts. Accountability would be based on cost-benefit calculations that cover many years but that would be updated annually based on current estimates of expected outcomes.

Some forms of social spending are already referred to as social investments. However this usage is metaphoric – a rhetorical device to signal the intention that current expenditure is meant to get future payoffs. Currently available data are seldom strong enough to allow decisions on current spending to be solely based on calculations of outcomes that will often be realized only after many years have passed.

Real social investment will only come with the introduction of 'what works best' data and the system of big statistics, described later in the paper. The shift could come quite quickly in areas such as ALMPs where expected benefits can be readily measured by examining the subsequent effects of the program on earnings, employment stability or reduced use of employment insurance. Other kinds of learning or social services have objectives that are much more difficult to measure and some may never be fully suitable for funding using social investment techniques.

Indeed, it would be a major mistake to shift to social investment financing and accountability principles before the needed data on intended outcomes was in place. There would be a real risk that a premature shift would drive a program seriously off-course by relying only on partial measures that could be calculated (e.g., numbers of participants, satisfaction with service delivery, or immediate outputs). These are important, but they are often misleading proxies for the main objectives which are usually related to the consequences of the program on the future lives of participants.

2.3. The income security system

The first, and perhaps obvious, point to make is that income support programming will become more effective in the enabling society, as was the case for service programming. This is the result of the addition of the new 'what is likely to work best' business line. Income is provided to people on the assumption that, in most cases, they will know best on how that money should be spent to meet their particular needs and preferences. This is a standard tenet in economics which is based on the assumption that individuals themselves have the best information on what is most likely to work best for them. Yet information on what is likely to work best when making big life choices is often weak at present, particularly the medium- and longer-term effects of decisions made today. With the new enabling society information, individuals will have a much clearer understanding of the likely outcomes of different choices and expenditures they make, increasing the effectiveness of income transfer programming.

The transition to the enabling society is more advanced in income security programming than it is for information products or services. New information processing technology has already played a large role in such areas as the targeting of income tax credits and the introduction of lifecourse savings plans. Figure 3 provides examples of recent changes in income security programming that are moving in the directions of the enabling society characteristics that were outlined in Chapter 1.

The initiatives in Figure 3 are a mixed bag. Some are large established programs. Some are little more than demonstrations and experiments. Some are successful, others failed. That is, despite the relatively greater progress in this area, we should anticipate large changes ahead in income support programming as we move to a mature enabling society. In many areas we are still at the initial stages of testing and piloting different approaches.

The income support system that may eventually emerge

To better understand the large changes that might eventually result, it is useful to compare an 'ideal' system of income support policies in the welfare state and in the enabling society. By ideal we are referring a hypothetical model, or ideal type, that illustrates the main features of the end state towards which a system is evolving, and not to any specific program. For example, the ideal or end state for income support in the traditional welfare state [10] would be a guaranteed annual income (GAI).

[10] A GAI is only seen as the 'ideal' end state in the liberal welfare states such as Canada which rely primarily on market mechanisms to provide social well-being as opposed, for example, to the social insurance regimes of Germany or France where a 'social wage' might be seen as the ideal.

In practice, a traditional goal of a GAI will almost certainly be achieved during the course of the transformation to the enabling society, and at considerably less cost than under traditional GAI schemes. However no one, apart from historians, will notice or applaud. The criteria for setting an ideal will have shifted dramatically:

- Away from what happens to people at a single point in time (a year or less, in the case of the GAI) – and toward what happens throughout the course of life.
- Away from emphasis on income flows taken in isolation – and towards the fuller range of resources that individuals can call on, including financial assets, human capital and social capital.
- Away from the notion of casting policy goals in terms of adherence to common standards based on statistical averages and distributions – and towards the goal of increased individual choice in the allocation of time and resources over the course of life, and in the individual's capacity to make those choices. (A GAI in essence is designed to make sure no one falls beneath a very specific poverty line that is determined, at the end of the day,

Figure 3. Examples of income support programs that are moving in enabling society directions

Canada has a tax-advantaged Registered Educational Savings Plan to support individual savings for children's education. It is topped up annually by the government from birth to age 17, with a supplemental learning bond for lower income families. If unused, individual contributions to the fund can be transferred to a Registered Retirement Savings Plan (RRSP).

The tax-supported RRSP (an individual pension savings account) also can be used to support home ownership and lifelong learning initiatives (i.e., converting financial assets to physical assets and human capital).

Tax assisted savings accounts are available for adults with severe disabilities. These are topped up with grants and bonds for families with low income. As well, the income tax system provides a credit for people with disabilities and there are also supplementary benefits for families raising children with disabilities.

At the other extreme of the targeted/open-ended spectrum, Canada also has a tax-free savings account that all individuals can use to save for any purpose they choose.

Most of the machinery is in place for a full negative income tax version of a guaranteed annual income. The Canada Child Tax Benefit is a tax-free monthly payment made to low-income people with dependent children. Its goal is help cover the cost of raising children and to reduce child poverty. A Guaranteed Income Supplement exists as part of the pension system which brings the income of all people age 65 and over up to a set minimum. As well the income tax system provides cash payments to low income individuals[11] who are working in order to provide work incentives that are missing from programs such as social assistance. Low-income people also receive a similarly refundable tax credit to compensate them for having to pay sales taxes.

In calculating benefits, the Canada Pension Plan, a mandatory employee-based pension, does not count years of low or no earnings during the time spent raising pre-school children, after the age of 65 or when they have disabilities[12].

Employment Insurance also provides maternity and parental leave benefits, as well as benefits related to time off for sickness and compassionate care.

A major Canadian experiment in 2000s, Learn$ave, confirmed that, by matching savings, governments can encourage low-income adults to save for, and enrol in, post-secondary education and training, if at a higher cost than proved necessary.

The United Kingdom took a major step towards asset-based life time accounts with the Child Trust Fund introduced in 2003. The government created a fund for each child that would grow over time so that every individual would begin adulthood with significant savings. The fund could be topped up by parents and grandparents. The CTF provides interesting lessons that are explored further in Figure 14, including the need for research on the behavioural consequences of lifecourse programming. The program ended in 2010, having failed to change savings behaviour greatly among low-income groups – a key objective.

The Dutch introduced a tax-supported, voluntary individual lifecourse savings scheme in 2006. It allowed employees to take time off work for purposes of child care, elder care, educational leave, travelling, sabbaticals or part-time work when nearing retirement. By increasing working time flexibility, it was expected that female employment rates would rise and people would work longer in life, if not necessarily full time. It was not as popular as expected and ended in 2012.

Around the world, but especially in the United States, there have been many recent initiatives, known as individual development accounts, that subsidize savings, usually among lower-income people, to support further education, start a business or purchase a first home. They are part of a movement, often referred to as asset-based egalitarianism, that attempts to overcome the flaws of income-based support, such as the work and savings disincentives built into many income support models.

With a GAI everyone is assured of a minimal standard of life, with the state topping up other income sources, using calculations made on an annual or more frequent basis. Income security in Canada has been evolving in the direction of, and is close to achieving, what is known as the negative income tax version of a GAI as shown in Figure 3.

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by statistics which describe the way in which income is distributed across the whole population; it has no direct link to the capacities or expressed preferences of the particular individuals concerned.)

[11] A refundable tax credit known as the Working Income Tax Benefit.

[12] Defined as being eligible for a disability pension.

The enabling society counterpart to a GAI end state might consist of two components:

- A highly targeted system of social insurance and tax benefits that is designed to share risks and to redistribute income in order to prevent or ease poverty. It would be similar to the system that currently exists although smaller in size since some of the current functions of this kind of programming would shift to the GLA below[13].
- A Guaranteed Lifetime Account (GLA) designed to increase an individual's choice in how to allocate time and resources over the whole course of life, including the capability of shifting financial capital to physical capital and human capital.

Figure 4 sketches out the possible features of a GLA, lists its advantages, and provides a reminder that it is only an abstract model of an end state – what a system consisting of multiple programs might eventually approximate.

A gradual transition is inevitable and needed

In order to set the stage of Part Two of this paper which deals with implementation issues, it is important to underline that the transition towards a comprehensive GLA will be gradual. As set out in the last two bullets of Figure 4, both individuals and institutions may need a lengthy period of adjustment to a radical increase in life choice options.

Lifecourse choices, such as the timing of the transition from school to work, or work to retirement, or decisions about raising a family and childcare, are deeply influenced by social norms and opportunities, often entrenched through government policies. Governments effectively constrain lifecourse patterns by means such as mandatory ages for school attendance, standard durations for publicly-supported parental leave, and fixed normal ages for receipt of public pensions.

The goal of the GLA would be to reduce these constraints, leaving individuals with greater choice about, for example, when to retire or even to retire at all – or when to take further education or how long to take off work to look after young children. Government would have a greater role in supporting these individual choices and, when compared with the situation today, a lesser role in creating the standards, and reinforcing the norms, that constrain these choices.

However, it may take many years to build up an adequate knowledge base about the consequences that will occur later in life of making quite different lifecourse choices. The evidence base is not yet there to design efficient and effective GLA programming that could be applied universally. As one example only, we do not know nearly enough about such fundamental things as the extent to which programs will actually effect behaviour in these areas, let alone the subsequent consequences for society of that changed behaviour[14].

[13] A GLA could be defined broadly to include insurance functions such as unemployment insurance. However, insurance might properly be considered as part of a GAI as opposed to a GLA, since it is not dependent on the past contributions of the particular individual who is being insured against becoming unemployed. In Canada, employment insurance fills multiple objectives some of which could become part of narrowly-defined GLA. Parental benefits are an example.

[14] Living standards adult life are likely affected by earlier activities and events such as of dropping out of school for extended periods when young. Living standards in retirement are likely affected by decisions to drop out of work for varying periods – whether for parental leave, sabbaticals or further post-secondary education, and by decisions related to work-retirement pathways. Yet we have very little information on the magnitude of these effects and of the consequences of the policy decisions that influence them.

Figure 4. Guaranteed Lifetime Accounts: the end state of income support in the enabling society?

What is a GLA?

Income support programs and taxes in Canada, when taken in combination, have been evolving towards a Guaranteed Annual Income (GAI). The equivalent end state in the enabling society might be a modest GAI plus a Guaranteed Lifetime Account (GLA). The GLA would be an individual account, a fund that would be created at an individual's birth.

… contributions to the fund

The state would almost certainly make an initial, if only symbolic, payment into the fund to honour the birth of each new citizen. Parents or grandparents would make contributions until adulthood. Over the course of adulthood:

- The individual would make tax-advantaged contributions, perhaps with an additional government subsidy for those with low incomes.
- Contributions could come from payroll taxes, such as those related to pensions or, possibly, employment insurance.
- Government contributions could help cover periods of further schooling, long-term joblessness, educational leave, periods where disabilities prevent employment, and caregiving leave.

…withdrawals from the fund

Individuals could use the fund to cover the costs of periods where employment, family supports or insurance did not provide enough income – including periods of extended unemployment, caregiving, post-secondary schooling, sickness, sabbaticals and retirement.

Financial assets in the account could also be converted into other assets such as human capital (e.g., going back to school or retraining) or physical capital (e.g., buying a first house).

… almost complete flexibility in design

A GLA could be designed to reflect virtually any point on the political and value spectrum.

- The size the fund, and the relative size of contributions from families, individuals and the state, could vary considerably depending on the values of the day.
- The fund could be large enough to replace many existing social transfers (e.g., aspects of employment insurance, social assistance, and pensions) and various tax credits and deductions or it could be seen as a tool for topping up these other programs.
- The acceptable uses of the fund could be tightly restricted or left largely to individual choice.
- Conversion to human capital could be in the form of vouchers to cover the costs of further education, possibly to be reimbursed to the fund based on subsequent earnings levels. Such vouchers could be large and act a substitute for direct funding of educational institutions – or smaller, to help increase individual choice.
- A wide variety of options could be used to resolve difficult design problems: for example, what to do if the funds were used up too early in life, or what would happened to unspent funds when people died, or how to include immigrants and their children.

Why a GLA is good, in principle

As with a GAI, a GLA could be a simple, understandable, system, replacing many confusing tax and transfer programs, at least in some design options.

It could eliminate poverty at considerably less cost than a full GAI, again depending on the particular design option. Existing GAI models automatically compensate for low current incomes, regardless of the fact that many spells of low income are relatively short, some of which could be managed within families and by using past savings.

It would support individual choice in allocating time and resources over the course of life.

It could provide a strong coherent signal of the importance that society places on the development of human capital over the entire course of people's lives.

It is an ideal type only, not a program design

The GLA as described here is an end state only, not the design of a comprehensive new program. It would likely consist of many autonomous components working in harmony and developed gradually over the years. Many difficult problems would arise if it were conceived of as a single actual program to be introduced all at once:

- We lack the `what works best' knowledge to guide design in key areas, such as ensuring that savings subsidies do not simply replace savings that would take place in any event, or finding optimum subsidies to encourage expected savings and learning behaviours.
- Especially in Canada, jurisdictional problems would loom large. Some GLA designs could create deep tensions in federal, provincial and territorial relations.
- A single, comprehensive GLA would need to assume high, perhaps unrealistically high, levels of understanding on the part of individuals about the consequences of making different choice in allocating time over life to learning, working, caring and leisure.
- It would also assume that institutions can keep pace with changes in individual preferences for distributing of time and resources over life. This may be unrealistic, with resulting frustration and distrust in the system.

As well it may take some time to develop the institutional capacity to support any changes in lifecourse patterns that might result from policy changes. Suppose, for example, that greater flexibility in life choices were to result in a sharp increase in the demand for quality early childhood learning and care, or for quality home care to support frailty in old age, or for more extended absences from work to allow more time for caregiving and learning. Could the education system or employers or long-term care institutions meet that demand? A lengthy period of adjustment would be needed in some cases. For example, it would take many years to develop the staff who could respond to a strong increase in demand for quality early childhood education.

2.4. The regulatory system

Making and enforcing rules is a key instrument of social policy. In principle this includes a wide range of activities related to human rights, legislation, and codes of conduct. In this paper we focus on laws and regulations as they apply in the employment and social areas. Typical examples are rules related to minimum wages, workplace health and safety, procedures for contracting out of social services, and defining discriminatory actions.

Current rhetoric about the importance of de-regulation notwithstanding, recent decades have seen a large growth in the role of regulation in developed countries. The literature[15] suggests that this growth is likely to continue in directions that are already established. Levi-Faur summarizes as follows:

"… the welfare state relies on an extensive system of regulation both in order to regulate its own processes and to govern the economic and social pillars of welfare-provision. Regulation, rule-making, rule-monitoring and rule-enforcement, is the administrative infrastructure of welfare governance … [and, following its growing role in the 90s,] will continue to stand at the centre of government attention. The politics of austerity will only re-enforce this trend since austerity implies that the costs of governance will continue to fall on the regulatees rather than on the public budget. …To the extent that the regulatory state is a response to globalization and privatization and outsourcing on the one hand, and cultural, political and social developments such as [neo-] liberalism, distrust and democratization on the other, there is no clear reason at the moment to expect its stagnation or transformation[16]."

Of course the literature does not explicitly take account of the shift to enabling society social policies. The question then is whether the shift to enabling society policies will accelerate or decelerate the growth of regulation that is likely to occur in any event as a result of the forces of globalization, new public management agendas, neo-liberalism, distrust and accountability. The answer is not clear at this time since the shift will have effects that work in different directions.

For example, far more detailed, accessible statistical information will be available to those interested in the accountability for the funding, design and delivery of social programs. That should help reduce the

[15] See Levi-Faur (2011), Mabbet (2011), and McConkey (2006). In some of the literature, regulations are treated in a separate category, where the 'regulatory state' is contrasted with what that literature defines as the 'welfare state' – with the latter consisting of the more active, politicized tools of fiscal intervention such as funding the provision of services, taxation and income transfers. This separation is useful for some types of analysis since there are clear differences between setting the rules of the game and spending interventions within that game. However, when looking to the future, it is essential that we treat regulation as one of the instruments in the social policy toolkit, where it can be assessed in similar manner as other alternative instruments.

[16] Levi-Faur (2011), pp. 28 and 29.

climate of distrust in government that has been one of the factors leading towards greater regulation. However, the more detailed information that will be available is also likely to expose many new accountability issues that will require new rules and procedures.

Likely the main effect on regulatory instruments of the shift to the enabling society will be adjustments in the balance among the various functions that comprise the regulatory system, i.e., rule setting, rule monitoring and rule enforcement. Monitoring will be hugely improved as the transformed statistical system will automatically generate a vast amount of detailed information about programs that can be used in monitoring. That new information, other things equal, is likely to result in the uncovering of many new instances of non-compliance with rules, especially in areas where front-line staff or third parties have greater freedom to adapt programs to meet the particular needs of citizens or local initiatives. This, in turn, will almost certainly create pressures on rule-formulating functions – mainly in the direction of consistency and coherence across wider systems, but it may also create pressure to strengthen the rule enforcement functions, particularly rule enforcement in areas that cross traditional jurisdictional boundaries.

2.5. Changes in the relative size of program instruments

Information products will play a larger role

The biggest single change in the tool kit of programming interventions in the enabling society will be the addition of 'what works best' information and the provision of the information directly to citizens via the internet or similar means. That will result in what seems on the surface to be a paradox: in the enabling society more people will be directly and quite personally affected by social programs yet, when taken as whole, social programs will become more targeted, less costly and less intrusive!

The paradox is, of course, easily explained. The new information programming will be small in a budgetary sense, but will have broad coverage. Many people who currently are not directly touched by government transitional services will benefit from using 'what works best' information to make better life choices.

As well, while information programming is intrusive in the sense that people will have to provide information about themselves, even if it is only anonymized information, to directly benefit from 'what works best' data, that intrusion is far less than that which exists under current service provision or income support programming.

Wide use of new information products will also reduce the relative size of other types of programming. In some cases the new information products will be all that is needed, shrinking the demand for more intensive interventions with counsellors, teachers and other service providers. To the extent that the new information programming is effective, more people will find jobs and otherwise become less excluded from society and from the economy – shrinking the future demand for transitional services and income supports such as employment insurance and social assistance. As well, services (and, to a lesser extent, income transfers) will themselves use the same kind of 'what works best' information in their internal management which will, over time, make them more effective, again resulting in reduced overall demand in the future for remedial services as a result of reduced repeat business.

Working in a partially offsetting direction, the new information will identify the existence of services or income transfers that were previously unknown to the individual. However, on balance, information products are likely to become a much larger and more important part of the social policy toolkit.

Service programming will grow relative to income support programming

The original welfare state policies were based on the stereotype of a family with single male breadwinner, with his wife looking after most caregiving duties related to children and the elderly. Children entered the labour market and became self-supporting at much earlier ages than is the case today. In this situation, income support was the key social policy need – to cover periods of unemployment, sickness and retirement of the husband (particularly since there were no other earners in the household), sometimes supported by family allowances for the mother. Since the introduction of the mature welfare state in the 1960s and 70s, most OECD countries have seen a large growth in public expenditures on services (health, education and social services) but an even larger growth in income transfers to individuals (e.g., pensions, employment insurance)[17].

That trend will likely be reversed during the transition to the enabling society as result of pressures towards more spending on services and less spending on income support.

The increased demand for services will not occur in transitional programming which, as just discussed, may shrink relatively in the future. Rather the increase will be in the demand for caregiving and education. With both parents in the labour market, the pressure for services related to child care and elder care will continue to grow, while economic pressures related to prosperity and competiveness will result in ever-increasing demand for educational services, including at the post-secondary level, in adult literacy services and early childhood learning.

The reduced demand for income support programs will result, as already discussed, from the new 'what works best' information that, over the long run, is likely to reduce extent of joblessness and hence the for unemployment insurance and social assistance. However, the effects here are likely to be swamped by the much larger decrease in the demand for pension income. This, in turn, is a consequence of a trend towards later retirement – a topic that will be addressed in the next chapter.

The absolute size of social programming remains a political decision

In summary, the enabling society policies will touch many more people than traditional welfare state policies, particularly as the result of the addition of new, non-intrusive information products. The relative size of information products programming will increase, as will much services programming – with income support programming playing a relatively smaller role.

'Relative size' refers to size of one type of instrument relative to the size of the others. Of much greater interest is the level of total social spending and that will continue to be a matter of political choice in the enabling society, as it is in the welfare state. For example, the greater effectiveness of enabling society programming, together with the low cost of information products, means that the social and labour market outcomes achieved by programs today could be achieved at less total cost tomorrow. That means that social budgets might fall as a percentage of GDP. On the other hand, depending on the political choices of the day, the result could be the same, or an increased, budget – but using that budget to take on additional social problems that are currently not addressed.

[17] Atkinson, P. and P. van den Noord., 2001.

3. THE ENABLING SOCIETY: A RESPONSE TO CURRENT PRESSURES

The last chapter used the artificial device of comparing simplified versions of the old welfare state policy instruments with the new enabling society instruments, once they become mature. This chapter takes a more realistic historical approach by examining the actual trends and pressures that are shaping the transition to the enabling society.

Technological trends are the main external driver of change, as social programming begins to be based on contemporary ICT technology with the radical results that were discussed in the last chapter. Part 2 of the paper explores the underlying technical reasons why ICT will enable social programming to be improved on so many fronts.

However, a series of social and economic trends and pressures are also influencing future directions in social policy. These are the subject of this chapter. Unlike the technological changes, this is familiar territory, well covered in the literature[18]. Typical analyses concentrate on:

- Demographic change, especially population aging – with resulting pressures to strengthen long term care and to reform pensions in the direction of fiscal sustainability and encouraging later retirement.
- Globalization and the shift to the knowledge economy – with the resulting emphasis on the importance of competitiveness, innovation and productivity. This in turn results in calls for reduced government debts and deficits, reducing work disincentives in social programs and, especially, for greater emphasis on human development policies that raise skill levels and work attachment.
- Growing income inequality and persistent pockets of poverty and exclusion – again with skills and human development being seen as the best social policy response, with the emphasis on at-risk populations, particularly those where the disadvantage in question has a potentially long duration and on solutions that address underlying causes as well as point-in-time symptoms.
- Gender shifts with major gains in female participation in postsecondary education and in many areas of the workplace, with consequent policy implications for labour supply, for the growth of relative poverty in single-earner families, for the increased demand for family caregiving and for reducing gender inequalities in that caregiving.

This chapter will discuss how these trends are pushing us away from the welfare state and pulling us towards the enabling society.

Section 3.1 discusses the fiscal pressures associated with population aging and competitiveness that are pushing us away from costly welfare state social policies.

Economic pressures related to skills development are also pulling social policy in new directions[19], as are trends in economic and gender inequality. These 'Esping-Andersen' factors are discussed in Section 3.2.

[18] Including documents written by the present author (Hicks 2002, Hicks 2008b).

Enabling society programming will not only respond to existing pressures but also provide opportunities to meet social goals in new kinds of ways. These so-called 'lifecourse opportunities' are the subject of Section 3.3.

3.1. The fiscal push factors

Fiscal pressures are not new. The mature welfare state of the 60s and 70s created expectations about the scale of social interventions that many governments subsequently found to be too costly. Early concerns mainly focussed on the work disincentives that were felt to be associated with overly-generous benefit levels. Since the recession of the early 1990s there has been strong government-wide emphasis on fiscal restraint, a concern that was reinforced by growing concern about the fiscal sustainability of the social programs then in place in light of an aging population.

There will always be pressures to reduce government spending, but the extent of that pressure is somewhat cyclical in character reflecting business cycles and the state of government debts. It is often argued that the population aging will result in strong fiscal pressures for many decades but, as will be seen, this claim is not based on evidence – at least in Canada. In other words, while the fiscal push factor is important, its role is often exaggerated. Over the long run, pull factors will be at least as important.

There are four ways of reducing, or constraining the future growth of government social expenditures: a) sharing those costs with other actors; b) keeping benefits the same but reducing the costs through efficiency measures; c) reducing benefits that were higher than needed and/or that had large negative side effects; and d) reducing benefits, or curtailing the growth of future benefits, simply for fiscal reasons.

Sharing costs

Sharing of costs has been the main direction of fiscally-related reform. Reduced government spending has, however, not always been the reason for introducing many of these cost-sharing reforms. At least as important has been a sense that the roles of the main players need to be rebalanced for substantive policy reasons. Accordingly, the main discussion of this pressure is found in Chapter 5 which deals with transformed governance in the enabling society. This section will, however, discuss pension reform where fiscal factors have driven reform throughout most of the developed world.

Starting in the mid-90s there has been growing concern in the developed world about the need to reform the pension arrangements that were put in place during the introduction of the mature welfare state. The worry was that, when the baby boom generation would eventually retire, those original pension designs would be fiscally unsustainable.[20]

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[19] Of course, in reality, the distinction between push and pull factors is not sharp. All the factors discussed contain a bit of both elements, but all work in the same directions of encouraging the evolution away from the welfare state to the enabling society.

[20] The concern has been driven by the anticipated retirement of the baby boomers, with fewer working-age tax payers and savers to cover the pension benefits of a larger number of retirees. In the mid-90s the World Bank published a book with balanced contents, but an alarmist title, *Averting the Old Age Crisis* (World Bank 1994). The notion of a crisis results from exaggerating the potential negative impacts of population aging by artificially ignoring the routine adjustments that people make in response to changing circumstances. The OECD rectified the analysis a few years later in *Maintaining Prosperity in an Aging Society* (OECD 1998), document which took account of the fact that working

Figure 5 sets out the main features of international pension reforms in recent decades. The combined effect of these reforms has been to tighten the link between an individual's pension contributions and the benefits that he or she receives. This, together with reforms that have brought the age of entitlement to pension benefits more in line with growing longevity and people's actual behaviour, have resulted in greater individual choice both in the size of the pension to be received and in retirement ages.

In Canada, where public pensions are less costly than in many other OECD countries and where the Canada and Quebec Pension Plans were reformed early to make them sustainable at current contribution rates, fiscal sustainability has not been a major pension issue for some time. As well, recent evidence suggests that later retirement trends are likely to offset nearly all the negative effects of population aging on costs of the retirement income system[21]. Consequently, relatively more attention has been paid to concerns about the effects of population aging on the financing of health and long-term care[22] and, in pensions, recent emphasis has been more on increasing the coverage of private pensions, better management of private pension funds, and concerns about PayG pensions as a large obstacle to adjustment that involves downsizing[23].

Same benefits, with reduced cost

Reforms to increase the efficiency of welfare state social policies have had mixed success. The use of new computing technology in the 80s and later was originally expected to produce cost savings. For the most part that has not happened. The new technology was highly useful in speeding up benefit

later, which is a normal way of making adjustments to changes in pension benefits, would ameliorate many of the negative effects of population aging. However the crisis language stuck. Even today much media commentary implies a coming catastrophe, the so-called silver tsunami, with boomers cast as the 'greedy generation' that takes the good pensions and robs the next generation of their jobs. Responses in the form of pension reform are often cast in similarly catastrophic terms as the 'third rail' of politics which governments cannot openly address. The reality, as it turned out, was very different. Nearly all OECD countries have reformed their support of pensions (often both public pensions and tax-supported private pensions) over the past 20 years, often deep reforms and often in several waves.

[21] Hicks (2012). Despite that lack of any major fiscal problem associated with pensions, Canada has maintained much of the rhetoric about fiscal sustainability and generational imbalances that characterizes the international dialogue. This appears to have affected policy-making. For example, the models and analysis used in pension and labour market planning do not take account of the trend towards much later retirement ages and, in consequence, exaggerate fiscal problems and future labour shortages. One consequence is that the case for basing new pension coverage exclusively on advance funding principles has been overstated. For example, nearly all recent proposals for rectifying the uneven coverage of private pensions have automatically assumed that advance-funded, rather than PayG financing arrangements are needed. Little attention has been paid to the reality that, given such funding, it will take decades to solve the problem that has been identified or that PayG financing, with its immediate results, will cause few fiscal or generational imbalances when taken in the context of the trends to much later retirement. (Wolfson 2013).

[22] Although the sustainability of health care financing creates even more difficult issues in some countries, a discussion of fiscal pressure in health would be outside the scope of this paper. Health care costs are driven by the use of expensive new technology as much as by demographic changes; it is in long-term care where the largest demographic effects will be felt, particularly in the 2020s when the baby boomers begin to reach the ages where long-term care needs become common.

[23] At the time of writing, there was considerable media discussion about the implications of large pension obligations on employers in times of downsizing or, in the case of public institutions such as the postal service, of privatizating an existing function with a view to reducing costs, including labour costs. With fewer contributors, paying defined benefits to large numbers of retirees puts some pension plans in danger of bankruptcy, or reducing promised benefits, or placing an extra burden on taxpayers.

Figure 5. Pension financing: a shift towards funding by individual users and increased lifecourse choice

Shift towards advance funding

Reforms to retirement income systems in most countries have changed the balance of funding with relatively more being paid by individuals who are the potential beneficiaries and relative less coming from general revenues provided by all tax payers. Increasingly, pension financing is seen as a way of individual lifecourse reallocation where individuals save for retirement in their working years and get back what they put in during their retirement years.

- *Pay-as-you-go financing (PayG)* is the ordinary way of financing most government programs, including pensions. Current expenditures are simply covered by current revenues. Today's tax payers pay the cost of today's programming, regardless of who benefits from those programs. This is still the normal way of financing public pensions, but many reforms have reduced the relative size of this component of the retirement income system and have tightened the link between the amount of benefits that an individual receives and the amount that he or she contributes.
- *Advanced funding* has increased in recent years. Here a fund is built up through individual contributions and, in the case of occupational plans, employers may also contribute. Current benefits are paid out of that fund. Many occupational pensions and tax-assisted retirement savings accounts are examples.
- *Mixed financing* has also increased in size. PayG and funded schemes can be combined, as in the Canada Pension Plan where funded elements have been added to a traditional pay-as-you-go scheme. This was done by imposing higher contribution rates than would be strictly needed under PayG principles in order to build up a fund within the program. Moneys in this fund are invested in the market. Benefits are still determined by PayG, DB principles, but the fund has added size and stability since it is based on returns from both labour markets (contributions) and capital markets.

A related shift from defined-benefits (DB) to defined-contributions (DC).

A pension scheme can provide a fixed benefit throughout retirement. Many government pensions are of this sort, as are some company pensions, especially in the public sector. These are known as DB plans. These are in contrast to DC plans where a regular fixed contribution is made to the plan, typically during a person's working years. The size of the pension is equal to the amount saved plus interest earned and on the market situation in the year the savings were converted into an annuity or tax-assisted retirement income fund.

An increasing number of company plans are DC. There has been growth in tax-supported individual retirement savings accounts which are, by definition, DC. And, as noted, DB schemes are becoming more similar to DCs by tying benefit levels more closely to contributions made over the course of life.

Most DC plans are advance funded, of course. However, Sweden introduced a notional DC scheme in 1994 that mimics funded individual accounts but is financed on a pay-as you-go basis. For example, individuals can choose the investment strategy that applies to their own fund. This is a way of shifting to DC plans while minimizing some of the resulting risks that would otherwise be transferred to individuals.

Increased age of entitlement to pensions

Reforms in many countries have also increased the age of pension eligibility and eliminated early retirement schemes.

Healthy lifespans have been increasing steadily in most developed countries. Fixed standard ages of eligibility for pension benefits therefore provide unintended incentives for increasing the duration of time spent in retirement relative to the duration of life spent in the workforce.

A neutral pension eligibility age would either reflect increases in longevity (as is now the case in Sweden and a growing number of other countries) or increases in the actual ages at which people choose to retire. In Canada, for example, the employment rates of older people have been increasing rapidly since the mid-90s, a trend that is likely to accelerate as the highly skilled baby boom generation moves into traditional retirement ages. It has been estimated (Hicks 2012) that pension eligibility ages would have to increase by perhaps five years by 2031 just to keep up with trends in actual behaviour.

In other words, increasing the standard ages of pension eligibility works in the direction of greater individual choice by removing artificial incentives that work towards lengthening the duration of retirement and shortening the duration of work. This is particularly so when taken in conjunction with pension plans such as CPP and QPP in Canada that allow actuarial adjusted pensions for those who choose to retire earlier or later than the standard age of eligibility.

Bringing pension ages more in line with actual behaviour will have many side benefits as well, including smaller pension contributions during a person's working years and preventing the misallocation of resources that occurs when pensions are paid to people who are still working full time.

delivery and offering new services. It has, for example, allowed the income tax system to take on many new functions at minimal additional cost. However, it has not resulted in lower costs. Indeed, bureaucratic costs have increased over the decades.

Lower benefits, in order to get better results

There was early success in this area, especially where original welfare state programming of the 60's and 70s proved to be not sufficiently targeted or provided more generous benefits than were needed, particularly where these benefits created unnecessary work disincentives. Examples included cutbacks to unemployment insurance in Canada, and international reforms that cut back on insufficiently targeted disability programs and early-retirement programs. In transitional services, such as ALMPs, one-size-fits all training and job creation subsidies were cut back based on evidence that they were ineffective. This evidence came from evaluations and experiments that took place mainly in the 60s, 70s and 80s. Cut-backs in areas such as long-term care institutions have occurred in the name of shifting to a more effective system of home-base caregiving.

In more recent years, there have been relatively few reforms aimed at removing work disincentives or improving effectiveness. In income support programming, there is little room for further gains in effectiveness without moving away from the 'income at a point in time' characteristic that typifies traditional welfare state programming. In programming that provides services, the evidence base has not been strong enough to allow significant reforms in effectiveness since the 80s[24].

Reducing benefits for fiscal reasons alone

Benefit reductions, taken in isolation, have not been common. Cutting back on human capital investments such as education and training has had little appeal for economic reasons. In income support programming, these have been temporary cuts such as periods where benefits were not fully indexed to inflation or have not kept up with increasing low-income cut-off lines. However, there has been little appetite for reforms that cut back on existing benefits in a major or permanent way, at least for those who are at real risk. The main pressure has been in the other direction, to provide all citizens with the social security and opportunities provided by welfare state programs.

3.2. The 'Esping-Andersen' pull factors

If fiscal factor are pushing us away from costly welfare state solutions, then an inter-related set of economic and social factors is pulling us towards the enabling society. That is, the issues that are raised can be best met through a deep transformation of social policy.

Gosta Esping-Andersen[25] provides an elegant account of most of these pull factors. He weaves the familiar themes referred at the outset of this chapter into a powerful story that centres on the importance of high quality, universal early childhood learning and development. All policy pressures,

[24] The evidence that does exist suggests that ALPMs are still only marginally effective and much potential exists for making big cost-benefit improvements. These gains can only be realized however, by shifting to the 'what works best' programming described in the last chapter.

[25] Esping-Andersen 2009.

whether economic, social or demographic lead to this conclusion. As will be seen in the next chapter, the development of a better system of early childhood learning is now a common theme in discussions of social policy priorities. However, Esping-Andersen pushes the argument to its logical next step: the completion of the gender revolution, with increased equality of men and women in the family, especially in raising children.

Figure 6 attempts to provide a short summary of his argument.

The elegance of the Esping-Andersen argument does come at some cost. His argument is similar to that of James Heckman, the American Nobel winner, who shows huge payoffs from investments in early learning. This is an important insight for policy-making. Nevertheless the research and data in this area are still quite incomplete; it would seem premature to place such an exclusive focus on early learning until we have a fuller understanding of what practical interventions are likely to work best. In particular, it would be useful to take account of the potential transformative effects of the ICT revolution, including 'what-works-best' information, on many policy fronts – including, but not limited, to early childhood learning.

To supplement the powerful lifecourse analysis of Esping-Andersen, this paper would add several pull factors that are not as easily linked to early childhood learning, including long-term care and some more country-specific pressures such as uneven private pension coverage in Canada. It would also pay more attention to the potential role of later retirement ages, another lifecourse shift that is already underway. Behavioural changes in the work-retirement transition are likely to offset the negative fiscal, macro-economic and labour market consequences of population aging and to have a range of other positive effects in terms of individual and collective well-being[26].

Responses that work in harmony

A big risk is that some solutions that promote a more skilled and competitive work force also work in the direction of increasing inequality. In order to simultaneously address economic, demographic and social pressures, policies must take a generational and a lifecourse perspective.

The most effective generational policy response is heavy investment in early childhood learning and development. That will only succeed, however, if there is also policy emphasis on gender equality in the workplace and in family caregiving responsibilities.

The most effective lifecourse policy response will be to support individuals in gaining greater control over the course of their own lives, including their lifetime pathways through the worlds of work and learning and the pathways from work to retirement. It is particularly important to remove existing policy-supported social and economic pressures to spend less of life in work and to have fewer children than people would prefer[27].

[26] Hicks (2012). The Esping-Andersen argument against later retirement as a big solution is that it would be unfair to people at the bottom because they presumably would find it harder to work longer and, once retired, die at a younger age – with less time to make use of pension benefits. This is a real concern, but one that can be readily addressed by other means. For example, pensions could be adjusted to be more progressive, providing a higher base pension for those with lower incomes. This would allow them to take an actuarially-reduced, but still adequate, pension at a younger age, if they so choose. See Wolfson 2013.

[27] Women generally have fewer children than they desire, especially in countries with low fertility rates. As well, the gaps between desired and actual fertility rates have increased over the past ten to twenty years. (OECD 2007b)

Figure 6. The social policy drivers identified by Esping-Andersen

Economic prosperity in a competitive global economy requires heavy investments in human capital. The knowledge revolution requires high levels of human capital throughout the economy. Higher human capital is created by formal and informal education and by experience. Growing evidence suggests that early childhood learning remains a major gap in the system.

Income inequality is growing because of mutually-re-enforcing trends that could lead to polarization, undermining the central value of equality of opportunity:

- ***Changes in the labour market.*** Human capital growth has not kept up with the demands of the knowledge economy, creating inequality. Those who have the needed skills are paid a premium; those without those skills face labour market difficulties.

  Young workers are most disadvantaged since they have less experience, especially those with lower educational attainment; this disadvantage occurs during the period of life when people are most likely to have children.
- ***Changes in family formation*** re-enforce market-based inequality. This is the result of increased employment by women, high female educational levels and marital homogamy (where marital unions tend to consist of men and women with similar educational levels). At the top are well-off couples both with high education, good jobs and earnings. At the bottom, are couples with lower education and greater job vulnerability and resulting low-incomes.

These vulnerabilities of people at the bottom are further increased by the growth in divorce and single parenthood, which occur more often among those with lower education. Educational achievement scores are particularly low for the children of single parents.

Incomplete gender equality has reinforcing effects. There has been progress in gender equality in the education system, in some areas of the work force and, to a lesser extent in the allocation of time to household work and caregiving. Gender inequalities are greatest among those with less education and lower income. For those near the top, gender equality is becoming the norm.

In better educated families, the father plays a larger role in child-raising, reflecting in part the greater use of external, often costly child care. (The intensity of involvement increases as the duration of caregiving decreases.) In lower-income families, adherence to traditional gender roles is also strongest. The mother raises the child with less help, and is consequently more likely to take more time off work – lowering income and, some evidence suggests, with lower wage rates (since employers are likely to pay lower wages in occupations where many people leave work to look after children).

Low investment in the human capital of young children. Past investments in human capital have improved prosperity, but not equality of opportunity. Most investment has gone to the formal education system, which is not designed to increase equality. People in most countries still have about the same relative educational status as their grandparents (although durations of schooling have grown). The needed skills and capabilities to increase life chances and equality are mainly formed in the pre-school years, where there has been under-investment in most countries.

There is strong evidence that good early learning leads to children's subsequent success in school and in adulthood. Inequality of access to early learning therefore results in a perpetuation of low income status across generations. The spiral becomes even more entrenched if, as seems likely, homogamy in marital unions continues in the next generation.

Fertility is also affected by the above trends in ways that run counter to people's preferences and could affect economic well-being. Fertility, gender equality, and early childhood learning are related:

- Women in advanced countries have a preference for two child families, but actual fertility has fallen in part because of delayed birth of first children which, in turn, reflects difficulties in reconciling work and non-work activities and women's wish for men to do domestic tasks.
- While once negative, fertility in Scandinavia is now higher among women with higher educational attainment and who are employed. What is needed is the opportunity for the mother to leave work for a period of about a year to care for the baby, and then return to work, being able to rely on quality child-care and pre-school education, as well as a larger role of the father in child-care.

Population aging. Lower fertility results in a population with many older people relative to younger people. This reinforces the need for more investment in the human capital of young people both to support the economic well-being of a relatively larger number of older people in retirement and frailty, and to maintain prosperity in a competitive knowledge economy. Yet continued investment along existing lines will result in a polarized economy and society, for the reasons given.

Later retirement can only be a partial solution since life expectancy is also linked to income and education; delayed pension benefits would therefore disproportionately hurt those with lower incomes. The only effective longer-run solution to retirement income problems therefore consists in investments in human capital in early childhood!

This summary of Esping-Andersen (2007) was made by the present author, not by Esping-Andersen himself.

In other words, the push and pull factors both point to a policy emphasis on supporting greater lifetime choice – which is what the enabling society is all about.

3.3. New lifecourse opportunities

The shift to the enabling society is not only a reaction to push and pull pressures. The ICT revolution also provides us with opportunities to make progress in areas that were simply not feasible until now. It allows us to do things that we always would have liked to do, but never had the capacity to implement.

A full discussion of those 'things that we would have liked to do' is the subject of Chapters 4 and 5. Following are a few examples to set the tone for these chapters:

- It has always been a goal to have transitional services that were efficient and that made a big difference in people's lives. However existing arrangements are about as efficient and effective as possible, given today's pre-computer technology. The ICT revolution will allow huge gains here.
- No one has argued against providing citizens, and organizations, with information about what is likely to work best for them in social and labour market settings. However, until recently, we have had no way of creating that kind of information.
- It has always been considered desirable if policies were to lead to greater individual lifecourse choice in areas such as lifelong learning, work and caregiving. However, with pre-computer technologies, the only practical option was the use of program designs based on point-in-time transactions.
- Leaving the next generation at least as well off as the current generation is a deep-seated aspiration. However, with existing evidence, it is virtually impossible to measure the net effect of transfers from government and intra-family transfers on different generations, let alone take practical policy action.
- We have always wanted to have had programming that was open and accountable and that was also joined up, allowing us to act in partnership as opposed to in territorial silos. The technology to do that has simply not existed until now. Programs were designed in silos for very good reasons; that has been the most effective way of organizing ourselves to get things done – indeed, the only sensible way of doing things given the tools that were at our disposal.

4. THE ENABLING SOCIETY: A BETTER SOCIAL POLICY

The shift to the enabling society is not only a response to the external pressures discussed in the last chapter. This chapter will explain why the shift is desirable in its own right – how it corresponds to evolving values, the goals and principles.

Section 4.1 examines recent thinking about the general purposes of social policy that is taking place in academia and government.

Section 4.2 shows that public opinion and public values are consistent with this 'elite' thinking.

Section 4.3 examines the evolution in thinking about more specific social goals: social inclusion, the allocation of resources over the course of life, human development, inequality and generational fairness.

Section 4.4 concludes by arguing that the enabling society described in this paper is in the mainstream of contemporary thinking about the future purposes of social policy, but is perhaps ahead of the curve in taking account of the dramatic possibilities opened by ICT technology.

4.1. Recent thinking about the purposes of social policy

At the highest level of generality, the goal of social policy in the democratic market economies that typify the OECD world is to support markets and families in the pursuit of a society where citizens have the resources to live a full and independent life in society and in the economy, typically associated with respect for human rights, equality, individual freedom of choice – with living standards that are consistent across the course of life and that are at least adequate for all.

When cast at this high level of generality, the purposes of social policy are reasonably timeless. However, at a somewhat more policy-oriented level of generality we do see shifts in emphasis. Themes related to human development have dominated international thinking for some decades. The capabilities approach of the welfare economist, Amartya Sen, has perhaps had the greatest influence. Gender perspectives, also arising in part from the academic world, have also been growing in influence and are consistent with, and extend, the human development literature. In governmental circles, OECD[28] documents have been particularly influential. They also echo human development and gender themes.

The purpose of this section is to show how the transition from welfare state to the enabling society, as outlined in this paper, is consistent with these high level trends in thinking about the objectives and purposes of social policy.

Highlights of the capabilities and gender themes are illustrated in Figure 7 while Figure 8 summarizes the conclusions reached in two recent meetings of OECD Social Ministers. The messages of Figure 7 and Figure 8 are re-enforcing:

[28] The Organization for Economic Cooperation and Development is the leading international think tank representing countries with developed market economies. Its reports tend to be forward-looking, but carefully balanced – reflecting a consensus view on trends and priorities for the future.

Figure 7. Welfare economics and gender perspectives on social policy goals

The goals of social policy have always been defined broadly, usually cast in terms of the adequacy and allocation of financial resources and human capital. However, when operationalized, these typically have had to be defined quite narrowly, for example with annual income being used as a proxy for goals associated with financial resources and educational attainment being the proxy for human capital.

The work on capabilities by the contemporary welfare economist, the Nobel winner, Amartya Sen, is usually identified with the current broadening of the goals that are used in policy applications[29].

Sen put the focus on what individuals are able to do – their functional capacities, their substantive freedom to develop and make use of their skills, material resources and health in ways that are of value to them. Poverty and exclusion are defined as the lack of these functional capacities or freedoms.

For example, the UN's human development index, which was influenced by Sen's thinking, puts equal emphasis on income, health and education. However, Sen's thinking stresses human diversity and is certainly not limited to three capabilities. For example, Martha Nussbaum (2000), an associate of Sen, and adding a strand of feminist thinking, developed a longer list of capabilities that democratic governments should support. In condensed form* these are:

1. *Life*. Being able to live to the end of a human life of normal length; not dying prematurely, or before one's life is so reduced as to be not worth living.
2. *Bodily health*. Being able to have good health, including reproductive health; to be adequately nourished; to have adequate shelter.
3. *Bodily integrity*. Being able to move freely from place to place; to be secure against violent assault, including sexual assault and domestic violence; having opportunities for sexual satisfaction and for choice in matters of reproduction.
4. *Senses, imagination and thought*. Being able to use the senses, to imagine, think, and reason.
5. *Emotions*. Being able to have attachments to things and people outside ourselves.
6. *Practical reason*. Being able to form a conception of the good and to engage in critical reflection about the planning of one's life.
7. *Affiliation*. Being able to live with and toward others, to recognize and show concern for other humans, to engage in various forms of social interaction. Having the social bases of self-respect and non-humiliation; being able to be treated as a dignified being whose worth is equal to that of others.
8. *Other species*. Being able to live with concern for and in relation to animals, plants, and the world of nature.
9. *Play*. Being able to laugh, to play, to enjoy recreational activities.
10. *Control over one's environment*, both the *political environment* (being able to participate effectively in political choices that govern one's life; having the right of political participation, protections of free speech and association) and *material environment* (being able to hold property and having property rights on an equal basis with others; having the right to seek employment on an equal basis with others; having the freedom from unwarranted search and seizure).

The list is illustrative, not definitive. Indeed, any list such as this has been criticized as going against the generality of the capabilities approach, which is holistic (as opposed to list-making) in spirit, and which emphasises the political values and decisions of the day as opposed to pre-set values.

Despite these criticisms, the list provides a useful insight into the broader but more finely-grained approach to social issues that is emerging – and the kinds of things that will need to be measured in the enabling society.

The list also reflects both capabilities and gender-based streams of theoretical thinking, and is entirely compatible with the lifecourse approaches that have emerged from different streams of academic thought.

**The present author arbitrarily shortened the descriptions in the list.*

[29] The material in the Wikipedia article on 'Capability Approach' (accessed May 13, 2013) provided a useful starting point for the material in this figure.

Figure 8. A government perspective on social policy goals: the final communiqués of OECD Social Affairs Ministers in 2005 and 2011

Social policies must be pro-active, stressing investment in people's capabilities and the realisation of their potential, not merely insuring against misfortune. [2005]

Families, gender, generations, caregiving

1. The importance of both mothers and fathers to the long-term development of children should be recognized, and both should be encouraged to play a full and active role in family life. [2005]
2. Working-time flexibility, part-time work and appropriate parental leave schemes should be promoted to help parents maintain labour market attachment and provide children with the care they need. [2005]
3. Childcare should be widely available, offer quality and choice based on appropriate information, be affordable and offer flexibility [2005]
4. OECD countries should analyse the intergenerational distribution of public and private spending, and its impact over time on the distribution of incomes and assets. [2005]
5. Family-friendly policies and accessible, affordable quality childcare services *should be promoted more*. [2011]

Unemployment and exclusion

6. We should end the unjustified assumption that some groups such as lone parents, older workers, people with disabilities and people on social assistance for a long time cannot or should not work. [2005]
7. Policies should be tailored to individual needs and intervention should be early. [2005]
8. If the government provides the resources to overcome barriers to work and participation in society, then individuals have a responsibility to take advantage of this opportunity. [2005]
9. Work must pay for benefit recipients. This can be achieved by redesign of tax and benefit systems, through measures to provide adequate wages, and by making the non-financial aspects of work more attractive. [2005]
10. Disability benefits should also be designed to encourage employment, not prevent it. Helping people with disabilities to work will require additional commitment, and investment. [2005]
11. Most countries are strengthening their formal long-term care systems. Policies supporting informal care should be considered as complements to formal systems but should not perpetuate gender inequalities in unpaid work nor encourage carers' withdrawal from the labour force. [2011]
12. We welcome the OECD's initiative to undertake more analysis of the drivers and measurement of poverty and social exclusion … [including for] single parents, recent immigrants, aboriginal populations, persons with disabilities, vulnerable youth and the working poor, including from gender and geographical perspectives. [2011]
13. We call on the OECD to start new work to assess the effectiveness and efficiency of different approaches to *social housing*, including the impact of housing policies on labour market mobility and the integration and co-location of service delivery combining housing and other social policy supports [2011]

Learning and work over the lifecourse

14. Social policies should promote active aging and independence in later life. [2005]
15. Longer working lives that reflect gains in life expectancy contribute to maintaining living standards and may prevent intergenerational conflicts from arising. [2005]
16. Pension systems need to be adapted to demographic trends; longer working lives, higher employment rates and effective retirement ages would improve their adequacy and sustainability. [2011]
17. The OECD should identify how social and economic goals can be best achieved, for example by policy interventions at certain critical 'transition points' or by redistribution of income from one point in the lifecourse to another. [2005]
18. The OECD should identify which interventions alleviate and will contribute to the eventual eradication of child poverty, break the cycle of inter-generational deprivation, and develop the capacity of children to make successful transitions through the lifecourse. [2005]
19. Investing in children's well-being, rights and development, including early childhood education and care, should start as early as possible and the costs should be shared fairly among all actors in society, including all levels of governments, employers and individuals. … Vulnerable children should be identified promptly and supported throughout childhood and into adulthood [2011]

**Note. The selected passages are not in their original order and the numbering of the items has been added by the present author. At the end of each item there is an identification of the year of the relevant final communique.*

- A human development, capacities approach is central to both. Note how the overview statement of Ministers (opening paragraph in Figure 8) mirrors the capacities approach described in Figure 7.
- The lifecourse perspectives of the human development framework (to fully develop over the course of life, capacities must be nourished early in life) are spelled out quite specifically in the OECD documents (items 14 to 17 in Figure 8) where heavy weight is place on early childhood learning[30].
- In both cases, a broad view is taken in defining social goals and purposes. The capacities approach encompasses a multitude of individual capacities as is well illustrated by the list of detailed capacities in Figure 7. A similarly broad scope is implicit in the Ministers' conclusions in Figure 8, especially in the 2011 communiqué.
- That broadening of scope does not, however, translate into greater generality with respect to needed action. The opposite is true: the diversity of potential recipients, and the variety of their needs, is highlighted. The Sen approach is about capacities at the level of particular individuals. The Ministers are explicit about tailoring program responses to individual needs and a citizen-based policy focus is implicit in their emphasis on lifecourse perspectives and on mutual obligations.
- In all cases, emphasis is placed on the role of gender and the importance of equality in the roles of both men and women in child care and early childhood learning.

These themes represent a big shift in thinking about the purposes of social policy from those that were associated with development of the traditional welfare state in the 60s and 70s. Then the emphasis would have been on the wellbeing of the population taken as a whole or on selected disadvantage groups, not on citizens taken individually. In those days, there would have been no, or only passing, reference early childhood learning and the supporting need for gender equality in both work and caregiving, to citizen-tailored interventions or the central role of developing individual capacities over the course of life.

It is not that the older welfare state objectives have become unimportant. Rather they are not prominent on current policy agendas because they are largely being met by existing policies. The older objectives will continue to be met in the enabling society, along with the newer goals.

Other streams of thought

The ideas presented above about how social policy ought to be formulated are, of course, highly selective. However, they represent trends that are now commonplace. Various UN agencies, the WHO and the EU have all issued documents that are similar in theme to the OECD documents referred to above – often under the heading of active aging, or a society for all ages. Sen's thinking about

[30] Note that the reference to active aging in item 14 is a reference to lifecourse perspectives. Indeed, the phrase 'active aging' was used in 1995 by the present author when he worked for the OECD as a reference to policies that support lifecourse perspectives – as opposed to traditional life stage policies which implicitly assumed, for example, that people learned when they were young, worked until age 65 and then retired. The World Health Organization subsequently used the phrase to much greater effect as a slogan where it came to mean the importance of physical activity and engagement over life in promoting health among older people. Still later, I was told in an informal discussion that it became an advertising slogan for a Japanese cosmetic company where I suspect it referred to disguising wrinkles. The enabling society may eventually be a slogan for marketing erectile dysfunction aids.

capacities has been particularly influential in UN thinking. The literature on social gerontology and on human development has long echoed themes similar to the gender and welfare economics perspectives discussed above.

Of particular interest to this paper is the lifecourse literature that has arisen mainly in sociology and related disciplines and that is discussed at greater length in Part Two. While much of that literature is concerned with social analysis as opposed to social policy per se, it has proved to be an invaluable tool for presenting the more theoretical thinking about human development, capacities, assets and early childhood into operational policy terms. As far back as the mid-90s, lifecourse analysis was used to excellent effect in showing the institutional and biographic factors that shaped poverty over the course of life in Germany[31]. In the early-2000s, Canada took a lead in exploring the potential of lifecourse analysis for policy through the work of the Policy Research Initiative[32].

4.2. Enabling society directions are supported by public values and opinions

The preceding section examined high level academic and government perspectives on the way in which social policy directions and goals should be cast in the future. This runs the risk of providing an elite perspective, out of touch with popular opinion. This, happily, proves not to be the case.

Figure 9 shows that there is symmetry between public opinion and the 'elite' literature. The figure provides examples drawn from Canadian opinion research companies as well from the international World Values Survey.

The figure illustrates general trends in public opinion and values that are consistent with the shift to the enabling society:

- A world-wide trend towards valuing self-expression and human choice over authority and human constraint. This corresponds to Sen's focus on human capabilities and to the citizen-centric focus of the enabling society – with governments increasing being seen as facilitating individual lifecourse choices, not constraining those choices as is often now the case.
- The increasing value attached to individual choice does not diminish support for a basic safety net or, perhaps surprisingly given much current rhetoric, for a larger governmental role in social policy. The shift is towards valuing an active but effective, citizen-centred role.
- People place higher value on services, including transitional services such as ALMPs over incomes support in isolation such as social assistance or employment insurance – again a trend that is consistent with the changes in program instruments that were identified in Chapter 2.

[31] Leisering and Leibfried, (2001). The European strand of lifecourse thinking has been particularly relevant for policy purposes as described in Marshall (2009).

[32] The Olivia framework discussed in Part Two originated in this PRI exercise. The present author directed much of this work while working at the PRI. For a more recent Canadian review of lifecourse tools for policy purposes, see McDaniel and Bernard (2011).

Figure 9. Public values and transition to the enabling society

A world-wide shift in values: from constraint to choice

Analysis[33] based on the World Values Survey shows a long-run international trend towards secular-rational values and towards self-expression values. The weak poles of the two dimensions overlap on a common emphasis on human ***constraint***; the two strong poles overlap on a common emphasis on ***human choice***.

Consistent with human capabilities and human development thinking, moving from constraint to choice (i.e., becoming unchained from survival communities) makes people mentally free, motivating them to develop, unfold, and actualize their inner human potentials.

On average, all the countries, developed and undeveloped, moved towards self-expression values between 1981 and 2006, with a less pronouced shift toward stronger secular-rational values. This has been particularly the case in the Anglosaxon countries such as Canada and in protestant Europe, countries where self-expession values are highest.

Strong support for active social services and somewhat less support for passive income transfers

Analysis of data from Environics[34], a Canadian opinion research company, shows continued support for some kind of social safety net. From 1993 to 2006, in response to the question "The government should: (a) see to it that everyone has a decent standard of living, or (b) leave people to get ahead on their own," roughly 65 percent of Canadians agreed with the former.

Preferences for government spending reveal widespread support across a number of social assistance policy domains. However, welfare and employment insurance receive less support than do employment programing, services for the poor, homelessness and child poverty.

Services – whether they are directed at the poor or at specific segments of the population – are viewed as a positive incentive to reintegrate. Services benefit those who "deserve" to be helped – that is, those who are actively trying to use those services to join the main stream workforce and society. Highest support for cash transfers is directed to those whose poverty is clearly not their fault (such as children).

New , more effective, directions are supported

Analysis of data from Ekos[35], another Canadian research firm, reinforces the theme the continued public support for big social spending by governments. However, that does not represent support for existing welfare state programming. When given clear choices about their preferences for future trajectories, the responses almost entirely involve profound shifts away from the status quo.

When asked about choices that would lead to a better future, 70% answered 'more active government' and only 26% answered 'less active government'. This was a call, not for big government or more spending but for more effective, government. There is a clear conviction that the state should have a bigger, not smaller, a role in designing and delivering a better future.

One notable finding, which mirrors recent European research, is that the youngest citizenry are more muted in their support for active government. The newest cohorts may be the most progressive ever in terms of social values, but they are more individualistic and less receptive to the notion that the state can solve their problems. (Present author's note: this is consistent with the transition to the enabling society with its greater focus on the citizen and individual choice.)

The *wording above closely follows the wording of the three documents in question, quoting directly where possible.*

4.3. A closer look at the particular goals of social policy

The last section looked at trends in thinking about the goals of social policy at a high level of generality. This section examines the trends in thinking about the more particular goals that social policy seeks to achieve:

- Supporting those in need.

[33] Welzel 2011.

[34] Harrell et al 2008.

[35] Ekos Politics 2013.

- Helping all individuals allocate resources over the course of their lives.
- Helping all individuals build their skills and human capital for both social and economic ends.
- Fighting inequality, including generational fairness and sustainability.

The main purpose of the section is to briefly note how the general thinking of the previous section applies to these sub-goals. A second purpose is to provide some historical context to the discussion in Chapter 2 of enabling society program instruments.

Supporting those in need

Recent years have seen both a broadening of the definition of those who need to be supported by social programming and a greater recognition of the diversity of those who need support. As described earlier, in the mature welfare state the emphasis was on supplementing low incomes, with low income seen as a proxy for a range of other deficits. In the decades since the maturation of the welfare state, the concept has broadened to encompass a wider range of deficits. The broader term 'poverty', or more recently, 'exclusion' has been used to signal this broadening of the concept.

Similarly, exclusion is now understood to arise from multiple sources (lack of income, lack of skills, lack of jobs, lack of health, lack of housing, disability, addiction, family break up, lack of social networks or, often, from a combination of these). One-size-fits all programming makes no sense given this diversity.

The broadening involves a shift from a point-in-time perspective to a lifecourse perspective, including recognition that, in some cases, exclusion is short-term and in others it is persistent. It is consistent with Sen's capacities approach, with exclusion being defined in terms of asset deprivation (lack of financial, human and social capital) as well as in terms of income flows.

Taken together, these factors have resulted in a shift towards:

- *Active programming.* Ever-increasing attention is being paid to ALMPs and a variety of welfare-to-work initiatives, and less attention to income support used in isolation. The shift is reflected in slogans such as 'a hand up, not a handout', 'workfare' and 'mutual obligations'.
- *Independent living and deinstitutionalization*. Much more so than in the past, efforts are made to provide more people with disabilities with the tools needed use to live in their own dwellings and participate in community and in the labour market.
- *Efforts to cut across the silos*. There have been many attempts to cut across the silos of individual programs and agencies in order to provide co-ordinated services aimed at the real needs of people, often local initiatives. This can be seen in growth of actors with titles such as co-ordinators or case managers. The effort is real, but success rates are not high for reasons described in the next chapter.

Supporting the allocation of resources over the lifecourse

Another goal of social policy is to help people allocate resources over the course of life – not only for people in greatest need, but for everyone. A main stream of this kind of programming is built around insurance principles and a collective sharing of risks. Such programming provides support to individuals during periods of life when they are unemployed or unable to work. Unemployment insurance, workers compensation, disability pensions and survivors benefits are examples. There are

also generational transfers at the collective level that promote lifecourse reallocation. For example, people pay taxes when they are in the labour market to support the development of human capital when people are young and going to school. These two streams involve inter-individual redistribution – from workers to students, from people with middle and high incomes to the poor, from the majority to those who incur a specific, insurable problem. Still another stream of programming relates to intra-individual redistribution where the same individual is supported by policy in allocating his or her resources from one stage of life to another. Tax supported private pension savings are an example.

Recent decades have seen three shifts in thinking and analysis related to lifecourse allocation goals.

First, at the level of policy analysis, there have been efforts to disentangle the effects of social programs on intra-individual and inter-individual. In the past, and even today, these effects have been muddled together, making it difficult to draw sensible conclusions about the redistributive effects of social policies. For example, many people might assume that, in a country such as Sweden with high taxes and high social benefits, there would be much inter-individual income redistribution. And there is. However, a recent study[36] found that in countries with large, universal social spending programs such as the Nordic countries, most social spending (over 80% in Sweden) was directed to intra-individual allocations. In countries with more targeted programming a greater share goes, obviously, to inter-individual allocations. However, even in these countries, the amount directed to intra-individual transfers is still very large (in the 40% - 50% range in Australia, 55% in Ireland and in the 60% - 70% range in the UK).

While rare today, this kind of deeper analysis of the redistributive effects of social policy will almost certainly become commonplace in the coming decades as a result of the arrival of big statistics – as will be described in Part 2.

Second, and far more important, has been a shift towards the individualization of social programs themselves. This refers to programming where there is a direct link between the contributions an individual makes at one stage of life to the benefits received at another stage. Such a shift is an essential part of the overall movement towards a social policy that places the individual at the center of social policy, with government role seen as supporting the individual in making lifecourse choices along with the roles played by the family, community, school and workplace. Figure 5 in the last chapter described the major changes that have already made pensions more individualized. Figure 14 in the next chapter provides a range of other examples.

Third, and parallel to the shift in transitional programs discussed above, policies directed to lifecourse reallocation increasingly have the goal of shortening periods of joblessness, as opposed to simply providing income support during those periods. For example, recent decades have seen unemployment insurance benefits tightened up to remove work disincentives, early retirement benefits reduced or eliminated, and pension rules adjusted to encourage people to work longer in life. More recently, child care and parental leave programming has been expanded in countries such as Canada, partly to encourage mothers to return to work after a period of caring for their babies at home. As well, ALMPs are becoming common (with some calling for them to be mandatory, as seen Figure 10 below) in regular unemployment insurance programming, and not restricted only to those in greatest need.

[36] Ståhlberg 2007.

Learning, human capital and prosperity

High skill levels result in increased self-sufficiency, more real choices open to individuals, good jobs and material well-being and, collectively, to a competitive, prosperous economy. Learning and skills development have therefore always been key purposes of social and labour market policies. Figures 7 and 8 illustrate recent thinking about this objective:

- A steady growth in the importance attached to learning and skills over the entire course of life, including in early childhood and during adulthood, particularly ALMPs that are tailor-made to individual circumstances. This follows the huge growth in the length of initial education that was associated with the expansion of the system of post-secondary education during the maturation of the welfare state. In Canada the percent of the population with a post-secondary education is still increasing, but the rate of growth has tapered off quite sharply since the mid 90's, particularly for people aged 25 to 44.
- Emphasis on generic skills – the 'learning to learn' skills that help individuals navigate the full course of life, not only for their next job.
- Making full use of the human capital of the whole population in the economy, including previously under-represented groups such as women, people with disabilities, those who previously would have lost skills as a result of prolonged periods of joblessness, and older people who in the past would have retired earlier.
- The shift from social expenditure to social investment that was discussed in Chapter 2 is implicit in the calls for effectiveness and making a difference in the subsequent lives of people.

OECD thinking has been particularly influential in human development topics that cross the boundaries of social, educational[37] and economic policy. The title of a series of studies on early childhood policies, *Babies and Bosses*[38], gives a good signal of current thinking that crosses these boundaries. It refers not only to the main theme of the document (working time arrangements that are consistent with good early childhood care and learning) but it also suggests that good early learning today will have high employment payoffs for the next generation – when the babies join the labour market.

A particularly important initiative that drew on both social and economic thinking took place in the mid 90's when the OECD set out its influential Jobs Strategy to provide a comprehensive framework for job growth and a healthy labour market. The strategy was reviewed a decade later and the revised version (OECD 2006) still dominates thinking in this area. Critical actions identified in the revised Job Strategy are listed in Figure 10. Note that, even in this government-wide, economically-oriented agenda, a high priority has been assigned to lifecourse perspectives such as interspersing schooling with working, later retirement, and family policies that support a full role of women in the labour market. Note also the importance that is attached to effective ALMPs, ones that have been demonstrated to work – consistent with the 'what works best' theme of the enabling society. ALMPs are now considered to be mandatory: governments must offer them to all who need them and, once offered, there is an obligation on the part of beneficiaries of social programs to make use of them.

[37] The OECD Education Ministers have also played a strong role over the years in advocating a strong system of lifelong learning. They have taken a world lead in promoting the importance of acquiring foundational or generic skills, including literacy and numeracy throughout the course of life, in early childhood, in school, and in adult life. The OECD has also been a key player in developing internationally comparable measures of these generic skills.

[38] OECD 2007.

Figure 10. Selected actions called for by the updated (2006) OECD Jobs Strategy

The Job Strategy called for detailed government-wide action on many fronts. The selected items below are those that relate most directly to the subject matter of this paper. Other topics include macro-economic policy (which has become even more central in recent years) and the promotion of healthy product markets.

Remove work disincentives in social benefit programs and stress effective ALMPs.

- Unemployment insurance … and social assistance, should be set at levels that do not discourage job search excessively and, especially where they are relatively generous, be made conditional on strictly enforced work-availability criteria as part of well-designed 'activation' measures.
- Participation in effective ALMPs should be compulsory after a certain length of joblessness that may differ across groups (*e.g.* immigrants facing integration difficulties, disadvantaged youth and older jobseekers).
- ALMPs should be regularly assessed in a rigorous way to ensure that inefficient programmes are terminated, and that the mix of programmes is adjusted to suit the needs of jobseekers and the labour market.
- Public early retirement schemes should be gradually phased out[a], and public and private pensions as well as other welfare systems reformed so as to remove incentives for early labour market exit.

Implement family-friendly policies, including childcare support, as well as working-time arrangements which help reconcile work and family life, so as to remove barriers to employment for those with family commitments.

- Tax and social security provisions should not discriminate against part-time work or other flexible arrangements which help reconcile work and family life and promote gradual work-to-retirement transitions.
- Employment should be made financially attractive vis-à-vis benefit receipt, notably through tax-benefit reform and the provision of targeted in-work benefits to make work pay, without creating excessive tax distortions or compromising public finances.

Promote high-quality initial education and … set conditions likely to improve labour force skills to support the key role of human capital accumulation for the achievement of economic growth and social objectives[b], by:

- Establishing a system of recognition of new competencies gained by adults through training and work experience, including foreign credential recognition of new immigrants.
- Ensuring that training is more demand-driven and responds effectively to firms' changing skill requirements, and encouraging greater quality of training provision, including through performance monitoring of providers.
- Supporting training programmes – *e.g*. training vouchers, training leave or schemes that help workers alternate between work and training – which include co-financing from private agents and address existing training inequalities by providing effective learning opportunities for disadvantaged groups, notably the low-educated.
- Ensuring that some employment programmes are targeted to the specific needs of disadvantaged people, including through second-chance schools.
- Reducing early exits from education and ensuring that young people acquire skills relevant to labour-market requirements, including by broadening vocational programmes, strengthening links between general and vocational education and improving career guidance.
- Combining education with work, notably through improved apprenticeship systems or more informal channels.

[a] Early retirement programs have not played a major role in Canada, although earlier versions of older worker adjustment programming once did provide income support for older displaced workers.

[b] The revised job strategy did not highlight issues related to older worker adjustment. However at about the same time, the OECD published a series of country reports entitled *Live Longer, Work Longer*, with the Canadian study that indicated that Canada was in comparatively good shape here and calling mainly for the inclusion of more older workers in ALMP type programming.

The lifecourse and social investment perspectives of the enabling society described in this paper of course reflects these human development and labour market objectives, and its use of 'what works best' tools, promises transformative improvements in the way they can be translated into action.

Addressing inequality

It can be argued that a concern for equality lies at the heart of social policy and, with the rising income inequality in recent years, it is now receiving even more attention. Four themes emerge in recent policy thinking about desirable future direction in fighting inequality.

The first, related to generational equity, is discussed separately below.

The second relates to a broadening of those characteristics that should be considered when social policy examines equality, including both equality of opportunity and equality of outcomes or status. Most welfare state thinking about equality has been cast in terms of income. Paralleling the trends described earlier, 'equality of what' discussions have expanded to encompass assets and wider range of resources. However this broadening of scope is still largely a shift in intentions. Actual measures of equality continue to be largely based on income data.

Third, the importance attached to gender equality has increased. The current priority in gender issues comes out very clearly in the OECD statements in Figure 7, including greater gender equality in caregiving to enable the full participation of women in the work place – particularly important since women are becoming more educated than men.

Fourth, in very recent years, increasing attention is being paid to equality of outcomes. This reflects a concern that growing income inequality, especially between the very rich and those in the middle, may result in a polarization in society, including the worry that large inequalities in income will be passed on across generations, undermining equality of opportunity – creating self-perpetuating downward generational spiral[39]. There is also a concern that such large inequalities cannot be justified on the ethical grounds. The high incomes of those at the very top do not appear to result in any economic benefits for society as a whole, and certainly do not seem to result in any obvious gain to those at the bottom[40].

There has always been a balance in social policy between equality of outcomes (e.g., equality with respect to actual incomes or resources) and equality of opportunity (i.e., where everyone starts life with a fair and equal opportunity, for example with educational opportunities being the same for the children and of rich and poor parents). The balance between the two varies by country and by political values, but the dominant emphasis in the welfare state has been on equality of opportunity. Equality of opportunity remains central in the enabling society – with an even greater emphasis on equality of opportunity over the course of life, including in school and work. For example, in capacities thinking, the goal is not equality of outcomes per se, since people, by their very nature are unequal in their capacities; what is needed is the equal chance to develop and use those capacities in ways that each individual finds important.

When translating the concern about unequal outcomes in practical policy responses, there have been calls in some countries to reform the tax system so that it can take account of the entire incomes and assets of the very richest, whose real tax rates are now relatively low. Perhaps the main response,

[39] Corak 2013.

[40] Perhaps the most influential social theories today are based on the work of the late John Rawls who, among many other contributions, argued that, in a just society, inequality could be justified only to the extent it resulted in gains to those at that bottom. For example, the income gap between the rich and poor can be justified to the extent that higher incomes for those at the top result in a more productive and prosperous society that improves the living standards of everyone, including those at the bottom.

however, have been calls for action that simultaneously addresses both equality of outcomes and equality of opportunity through policies directed to young children. Child poverty represents a failure of the existing system of resource allocation and reduces opportunities for all children to start life on an equal footing. In terms of income equality, many countries have had policies addressed to ending child poverty. While some have been more successful than others, the goal is feasible in operational terms by using means such as refundable child tax credits. In terms of equality of human capital and the development of individual capacities, the emphasis has been on the importance of universal, high quality early childhood education – as has been discussed earlier.

Generational and sustainability issues

The idea that people ought to leave their descendants at least the equivalent of what they received from the previous generation is certainly not new. In more recent years, two dimensions of this broader topic of intergenerational fairness and sustainability have received particular attention.

The first relates to the extent to which a combination of demographic factors (population aging that arises as a result of reduced fertility) and the introduction of collectively-funded welfare state programming have resulted in gains to the babyboom generation at the expense of succeeding generations. Are the baby boomers leaving fiscal debts that will impoverish succeeding generations? Are current investments in the next generation large enough, considering the huge investments that were made when the baby boomers were young, for example in the form of massive increases in the size of the postsecondary education system? Or more generally, will the next generation face lower standards of health, security and economic well-being compared with their parent's generation?

The second relates to the increased attention being paid to sustainability more generally, particularly the sustainability of natural resources and global warming. Can existing social and labour market programs and policies, especially pensions, be sustained by coming generations? Are we providing the next generation with the financial, human and social capital , as well as the climate and natural resources, that will be needed so that they will be at least as well off as their parent's generation and will also have the capacity to leave their children's generation an equally strong heritage.

The issues are difficult and, in welfare state policy thinking, they are mainly treated exogenously. That is, they are usually not incorporated directly into current thinking about the immediate design of social programs, but rather are considerations or concerns about the indirect or external effect of those designs. The empirical evidence is simply not there for generational concerns to be integrated into routine policy debate and program design. Yet in principle they should be taken directly into account in program designs and assessments – not only for the immediate reasons mentioned above, but also because generational issues make a big difference in addressing the full range of social issues. For example, if the next generation had fewer resources in total than did the current generation, they would have less capacity to make social investments directed to improving equality of opportunity or building human capital.

A number of thorny conceptual issues exist[41]. For example, to what extent should generation fairness issues go backwards in time as well as forward? If present generations should not harm the rights and

[41] Another difficult issue relates to the way in which generational fairness discussions take account of large one-time shifts in terms of such as the second demographic transition, i.e., the effects of lower fertility and sometimes below-replacement fertility, postponed and non-marital childbearing, when combined with continuing growth in longevity. These shifts can have large generational effects. Should negative effects be compensated for in some respect?

resources of future generations, should they not also provide compensation to people in the present generation for harms that arose in previous generations? In Canada this has taken the form, for example, of compensating those who were harmed by the Indian Residential Schools programs. And, how far back should one go in making such compensations, and how many generations in the future should be taken into account when looking to future sustainability? In terms of measurement, this becomes a question of how one calculates time discounts – a problem whose solution requires that value judgements be made.

On a more practical level, there are issues about the areas of life that should be taken into account when considering generational fairness and sustainability. In recent decades, for example, there has been much discussion about the generational fairness of programs, pensions especially, taken one at time. This however, makes little sense. It is the net effect on future generations of all programs that is of real interest[42]. More important, the proper measure is not just the effect of government programming on future generations, but the effect of all resource flows in society, including both inside families and through government transfers and services.

Inside families, there has been a huge increase in transfers from the baby boomers to their children as a result of much longer periods of schooling and living in the parental home. A full picture would also need to take account of transfers to children later in life though gifts, including from grandparents, help in home buying and inheritances. Recall that reduced fertility has meant that the current generation of young people have far more sources of support from parents and grandparents, when compared with baby boom generation who had to share those resources with more siblings. On balance, it seems reasonable to think that the generation following the baby boomers are the beneficiaries of large generational transfers within families, partially compensated for by reduced market income and social benefits from government – a shift, which if true, is probably one of the least satisfying outcomes from the perspectives of all parties.

However, the real issue is that we do not have the evidence to actually measure these generational transfers in a satisfactory manner.

The big statistics of the enabling society will allow an evidence-based approach to generational issues. As will be explored in Part Two of the paper, big statistics will allow integrated analysis of:

- Resource flows from government and within families.
- Assets, which are critical to discussions of sustainability, as well as of these resource flows.
- Inter-individual and intra-individual effects, as discussed above, which will allow us to understand the distributive effects of social policy a) within the lives of the same individual, b) from one generation to another in the same family, c) and across different people of different generations -- such as the taxes paid by the people of one generation to pay for the schooling of the next, or succeeding, generations.

[42] Some decades ago, there was much interest in generational accounting that looked at the net effects of government programming on future generations. However it suffered a huge flaw in that it had to make its calculations based on the assumption that existing program financing and existing behavioural patterns would remain unchanged for decades into the future, when the reality is that financing arrangements and human behaviour are continually changing and adapting. As noted earlier, most fiscal projections in Canada out to 2031 are implicitly based on no change in existing retirement patterns; they are wildly wrong when one takes account of recent and likely future trends to later retirement. If expressed as generational accounts, the results would be even more misleading.

- Different dimensions of sustainability such as environmental sustainability, the sustainability of the urban infrastructure as well as sustainability in the generational sense being discussed here.

Such statistics will not resolve value issues such as what constitutes an appropriate level of generational equality, but they will show what is actually happening and they will show how different program design options are likely to impact on different generations – and to monitor the generational impacts of existing programs in the context of all the generational flows that are taking place in families and in society at large.

It is not only a matter of statistics and analysis. The actual shift in program content towards individualization, towards use of assets and toward the guaranteed lifetime accounts will make it far easier to adjust policy to take account of generational issues, to the extent that that is desired. In particular, programming that allows individuals greater choice in the way in which their lives unfold also addresses many generational issues. For example, removing artificial policy-based constraints on work-retirement transitions will almost certainly lead more people to retire later than they do now, and this in turn may well prevent some intergenerational issues from arising , as concluded by the OECD (Figure 8).

4.4. Is the enabling society completely consistent with recent thinking?

Chapter 1 summarized the difference between the enabling society and the welfare state as follows:

- A new focus on individual citizens.
- A shift to evidence-driven programming.
- A shift to a lifecourse perspective.
- A related shift to asset-based perspectives.
- More focus on people facing the greatest obstacles.
- An integrated approach to generational and sustainability issues.
- Stronger horizontal integration across programs, jurisdictions and disciplines.
- Stronger vertical integration within government programming.

The recent thinking about desirable future directions described in this chapter is consistent with the focus on individuals and on the lifecourse, on asset-based and evidence-driven perspectives and on generational fairness issues. The next chapter on governance expands further on horizontal and vertical integration.

There are differences of emphasis however. Notably, the enabling society emphasis on evidence-driven programming, and the central importance of the ICT revolution and its 'what works best' information, is not present in much of the literature discussed in this chapter. Implicitly, much of the literature, and much public opinion, assumes a future marked by evolutionary changes in existing instruments of policy and tools of analysis. There is no sense that a major, transformative change towards the desired direction is on the near-term time horizon.

For example, the emphasis on the citizen and individual choice in much of the literature seems to be cast mainly in traditional terms such as putting the needs of citizen first in service delivery, or greater citizen involvement in the policy process or in co-production, or in making service programming more flexible in meeting diverse individual needs, or of finding ways of 'joining-up' existing programs, or

making it easier to communicate with the existing governmental structures by using 'e-government'. In other it words, it is mainly about making the existing infrastructure more citizen-friendly.

On the other hand, the enabling society envisioned in this paper foresees a much more radical shift. The use of existing ICT will allow a transformation of social programming and it's supporting governance structures and knowledge base such that informed citizens can actually be at the centre of social policy in the not too distant future. The transition period will not be simple but it could be reasonably quick. The transformed system will address the evolving purposes of social policy, as set out in this chapter, in a much simpler, more direct and effective manner than is implied in much of literature.

The next chapter uses the perspective of governance to elaborate on this coming shift to a simpler and more effective social policy.

5. TRANSFORMED GOVERNANCE IN THE ENABLING SOCIETY

Governance is used here to refer to the organizational structures and decision-making processes that are used to formulate and deliver social policies within and without government. The argument of the chapter is that the radical improvements in ICT technology which are resulting in the transformation of the instruments of social policy will also result in a transformation of their governance. The new public administration will be simpler, more accountable and more efficient.

Section 5.1 describes how this optimistic view of the future can be reconciled with today's public administration literature which tends to see negative trends and complex futures.

Section 5.2 describes how the present difficulties reflect complex and seeming conflicting trends in managing horizontal and vertical issues and how the ICT revolution will go a long way in resolving these problems.

Section 5.3 summarises the changing role of the different players in the social policy world, including individuals and families, governments and many non-governmental actors.

5.1. Reconciling with the public administration literature

There is a seeming inconsistency between the optimistic view about governance that is found in this paper and that found in much of the public administration literature. For some readers, that may well be the elephant in the room that needs to be addressed at the outset.

The public administration literature of the past 50 years has well described the growing chasm between our expectations for a healthy, responsive public administration and the paralysis that has developed in so many areas. The literature has also described the many attempts at reform, with success on some fronts such as service delivery, but often ending in failure. As will be described later, reforms in one compartment of public administration (for example related to accountability) have often been inconsistent with directions being taken in other compartments (for example related to outreach, collaboration or innovation) and, within any one compartment, reform trajectories over the past 50 years have yo-yoed more than shown steady progress.

Figure 11 looks at the two recent books that take very different perspectives in order to give a flavour of the content of much of the public administration literature.

Most of the individual points made by the authors fit well with the argument made in this paper.

For example, the current dysfunctions listed by Savoie are entirely consistent with this paper's analysis of the growing difficulties that are faced when administrative approaches designed for a pre-computer age attempt to take on current preoccupations and priorities. The bureaucracy has grown greatly in size, without correspondingly large improvements in the outcomes achieved. Further, expectations for responsiveness, openness, collaboration and accountability have been rising sharply, expectations that cannot be met in the area of social policy, given its antiquated governance arrangements.

Bourgon's analysis is particularly helpful in understanding the challenges and difficulties that we need to tackle, e.g., as it relates to experimentation, to learning feed-back loops, to the use of ICT technologies and to the changing roles of citizens and the public, private, and civil sectors.

Figure 11. Examples of themes in the public administration literature

Two recent, and very different, books Bourgon (2011) and Savoie (2013) illustrate many strands of the current public administration literature. Savoie, an academic and government advisor, takes a pessimistic look at the unhappy state of the public service and of the supporting literature. Bourgon, who was once Canada's top public servant, looks ahead to a different and complex future.

The Savoie diagnostic

Savoie examines how and why the public service has become so dysfunctional. He uses Canadian examples but his conclusions apply more generally.

The main argument is that public service reforms have failed because they attempted to make the public sector more like the private sector. Reforms in this direction (from the 'let the managers manage' reforms of fifty years ago to the more recent New Public Management reforms), have made things worse; the values and incentives of the public and private sector are fundamentally different. Symptoms include:

- A huge growth in government overhead functions compared with those functions that involve directed delivery of services to citizens.
- Elaborate reporting systems and evaluations that exhaust the time and energy of the public service, that are deeply flawed conceptually and that are not used: "turning cranks that are not attached to anything".
- Lines of accountability and responsibility that are blurred and that foster distrust – including the lines between politics and bureaucracy, between the very centre (such as the Prime Minister's office) and other traditional central bodies, and between the lower and mid-levels of the bureaucracy (serving citizens) and a disconnected senior bureaucracy (servicing the centre and horizontal functions).

The Bourgon prescription

Bourgon reports on the findings of an international network of practitioners and scholars whose work to date has concluded that "the role of public institutions and public organizations is to enhance the collective capacity to achieve results of higher public value and at a lower cost to society, in all circumstances, across systems and across generations."

This is much broader and more complex than the traditional role where government bodies are seen as acting more or less on their own – devising and administering a series of more or less independent programs. In the new world of governance, everything is intertwined and co-evolving over time: the public, private, civic spheres; social, economic, environmental and technical systems. A typical new theme is co-production – with government and citizens, or governments and civil society, acting independently but harmoniously.

In order to support the breadth and complexities of this new kind of governance, four inter-related subsystems or functions will need to be actively nurtured:

- The compliance function is most similar to the existing arrangements. It provides an organized, accountable way of setting priorities and making choices. It includes constitutions, rules and controls.
- The emergence function which helps improve the capacity of government to anticipate emerging issues and opportunities and reap the benefits of social innovation.
- The performance function which helps governments think across systems and works across boundaries, sectors and disciplines.
- A resilience function that builds the collective capacity for better results through co-production and the active participation of citizens, communities and societies.

However, the overall tone of these papers is quite different from that of this paper. Savoie's argument is pessimistic and his solution involves a return to past approaches, while the argument of this paper is optimistic – looking to solutions that make use of new technology. The Bourgon paper is future-looking but stresses the complexity of future solutions involving multiple functions and subsystems, while this paper foresees a new era of simplicity and clarity.

My reading is that the difference in tone with the Bourgon perspective is one of time frames, not of substance. Her analysis, in this view, primarily deals with the transition period in which the old and new technologies and policy expectations must live together in ways that are inevitably complex and difficult. The analysis in this paper, on the other hand, attempts to look beyond these transitional

complexities and to examine governance in the much simpler world that will exist in a mature enabling society built on contemporary technologies. The Bourgon prescriptions make sense as we go through the transition to the enabling society, but they will be redundant once we get there. Part 2 of this paper argues that, if well-handled, the transitional period could be relatively short.

The difference with the Savioe argument relates to the reasons why the new governance reforms failed. In his reading they are a result of the imposition of private sector approaches in the public sector that makes things worse, essentially because there is no real outcomes in the public sector that corresponds to the measurable 'bottom line' of the private sector. His prescription is therefore a return to the golden age of elite public service values and easily-measured input controls that preceded the mature welfare state. As will be discussed later, this paper agrees that it is a serious mistake to emulate a private sector bottom line. However, this paper disagrees that appropriate measurement is unattainable. Later we will demonstrate how appropriate measures can be developed in the public sector using current ICT technologies. The paper looks ahead to a new, and far better, golden age of evidence-driven governance in the reasonably-near future.

In either case, the rationale for the optimism of this paper is based on the expectation that new technology can resolve the central problem of reconciling vertical and horizontal integration within governments. The next section explores how this can be achieved.

5.2. Reconciling horizontal and vertical decision-making

There is no question that existing governance arrangements are complex and will become more so until we can escape from the pre-computer structure of today's programming. This complexity is best understood by examining horizontal and vertical decision-making and how they are inter-related. Horizontal management refers to the coordination functions in government that cut across the borders of existing programs, departments and jurisdictions. Vertical management refers to the coordination functions that result from the existence of an often complex management and decision-making hierarchy within a particular program or department.

The challenges posed in both areas have grown in recent decades, with increasing difficulty in simultaneously dealing with both. The results have often resulted in bloated and ineffective governance arrangements – moving in seemingly inconsistent directions.

Horizontal integration

No one program, taken isolation, is sufficient to address the big issues discussed in the last chapter, such as human development, or equality of opportunity, or fostering human capabilities, or lifecourse choice. The determinants of both health and social well-being are closely intertwined as are the determinants of successful learning and labour market outcomes.

In one sense, nothing is new here; everything in the social world has always been understood to be related to everything else. What are newer are expectations that policies will take these linkages into account in an operational manner. This expectation has been manifest in countless ways in recent decades, with calls for joined-up government, shifting from hierarchies to networks, for governments to steer not row (implying working in partnership), an emphasis on local initiatives that draw on programming from different departments and jurisdictions in a way that meets locally-determined priorities, and a stress on horizontal communications across departments. The shift of decision-making upwards in government to the offices of Prime Ministers and their equivalents represents a shift

towards a 'whole of government' focus, rather than the traditional emphasis on departmental mandates.

Managing horizontal linkages within the context of current programming and departmental structures presents deep challenges. We lack both the knowledge and the processes to do it well. The tools for horizontal management are add-ons to the mainline tools of vertical management. They are clumsy when dealing with individual horizontal issues. Most important, we lack the knowledge base to understand which kinds of horizontal action will work best in practice, or to assess their effectiveness, or to scale up particular joint initiatives so that horizontal actions become the normal way of doing business.

In consequence, a great deal of effort is directed to horizontal issues (the Savoie book discussed in Figure 11 points out that deputy ministers in Canada now spend a third of their time on interdepartmental matters[43]) but with relatively small payoffs.

Vertical integration

The challenges of vertical management, taken in isolation, arise from a combination of three factors.

First is the growing size and complexity of bureaucratic structures. These often encompass front line delivery agents, multiple levels of supervision and management, through to high level decision-makers at the political level – including many staff that provide administrative services or act as policy advisors, program designers, researchers, evaluators and controllers.

Second are conflicting pressures in the direction of both centralization and decentralization.

- On the one hand, pressures related to accountability and probity usually work in the direction of centralization, including the use of often elaborate systems of reporting and monitoring. These control system are often fragmented as a result of the increasing specialization of staff functions (related for example to the management of finances, of human resources, of information, etc.) and absorb increasing amounts of time and energy to maintain. The specialized functions create their own, often separate, centralized accountability and reporting streams.
- One the other hand, there are equally strong pressure towards meeting the government's objectives efficiently, effectively and providing good service to the public. These usually point in the directions of decentralization, moving decision-making to the front lines, letting the managers manage and even take risks, as well as reducing overhead and the burden of feeding diverse internal reporting schemes.

Third is the lack of a common knowledge base to support vertical management in ways that could help managers resolve these potential conflicts in an integrated, non-bureaucratic manner.

Horizontal and vertical issues in combination

If horizontal and vertical issues are difficult to manage when taken in isolation, they become almost impossible to manage well when taken in combination, at least in traditional line departments. They work in potentially contradictory ways.

[43] Savoie (2013), p 118.

For example, at the planning, policy development and assessment stages of the policy process, increased horizontal coordination works in the direction of centralization, increasing the decision-making role of the senior manager of the various components that are being 'joined up', as well as that of central agencies, including those with intergovernmental responsibilities and including a greater role for the offices of Prime Ministers and Presidents.

On the other hand, at the level of program delivery, horizontal issues typically lead in the direction of decentralization, for example with front line managers and staff at the local level getting together with their counterparts in other departments, other levels of government and the private sector in order to bring various streams of programming and other intervention together in a way that can sensibly meet local needs. To work well, the local authorities should be flexible in adapting their programs in a way that works best with that of their partners. However such flexibility will often run counter to the systems in place to ensure vertical accountability in their home organisations.

If the knowledge base to support integrated vertical management within any one department is lacking, the problem is far worse when these horizontal factor are taken into account, with each of the participating agencies having different systems of accountability and ways of measuring results. As Bourgon has observed, we lack the 'systems, practices and policies to facilitate the coexistence of [vertical] hierarchies and [horizontal] networks'[44].

The pessimistic Savioe diagnosis of the downward spiral of governance at the federal level in Canada provides a good, if one-sided[45], catalogue of the unhappy consequences of the inability to manage horizontal and vertical issues in a coherent manner. Even the more optimistic perspective of this paper would paint a picture of the present state of governance that is not greatly different from that of Savoie[46].

The future looks much better

There will always be challenges associated with integrating the vertical and horizontal dimensions of governance. The tensions between taking decentralized initiatives and central accountability are real and inevitable. There is equally an inevitable tension between an organization doing its own directly-mandated work efficiently, effectively and accountably and working in partnership with others towards collective objectives. If not managed well, these tensions can produce bloating and paralysis. If well managed and based on evidence of what will work best, they can result in new approaches that will be characterized by a leaner, more productive public services as well as significant gains for society as a whole.

In other words, the goal is not to eliminate horizontal and vertical tensions. The goal is to manage them productively. The core problem today is that there is no common information base on which to base integrated, evidence-driven management in either horizontal or vertical directions, let alone both.

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[44] Bourgon (2011), p 49.

[45] His argument is unbalanced in that it describes only the negatives and ignores positive trends such as success on the service delivery front, real (if cyclical) progress in cost containment and many small steps in the right direction on the horizontal management side such as the creation policy research networks and a number of examples of partnerships on particular initiatives.

[46] Or at least that was my assessment on (admittedly) only a few frustrating days, during my brief return to the public service some seven or eight years ago, when internal bureaucratic exercises (that would obviously fail) sometimes took up far more of the day than substantive policy work or work directed to supporting staff.

The argument of this paper is that the use of current ICT technology makes it possible to build the kind of knowledge base that is needed to allow horizontal and vertical issues to be managed in an integrated, evidence-driven manner. In the social policy area, this knowledge base, when taken in conjunction with the shift to the new set of enabling society policy instruments described in Chapter 2, will allow quite dramatic improvements in governance in the foreseeable future.

Figure 12 uses the example of a training intervention to show why it was not possible to manage either vertical or horizontal issues in a comprehensive evidence-driven manner given the data that are available with service interventions based on pre-computer designs. Unfortunately there is a temptation to make use of the limited data that does exist and this typically makes things worse. The information base is much stronger with income support programming and these are typically much better managed vertically, but not necessarily horizontally.

Figure 13 shows why the needed evidence will be available in enabling society where programming is based on big statistics. Basically what happens is that the tailored-made micro information about what is expected to work best that was discussed in Chapter 2 is applied internally to policy and program governance. Both horizontal and vertical management can be supported by the same base of big statistics. The ideal presented in the figure is not some artificial black box that automatically generates the best solutions without human intervention. Rather it sets out the quite dramatic improvements that could result from the use of 'big statistics'. The figure assumes the use of technology that already exists and is routinely used in other areas – and requires only the use of raw data that either now exists or that could be produced without great cost over the next few years.

The ideal information base set out in Figure 13 could not be put in place in one quick step[47]. However, it could provide a map of where we wanted to be in the longer term that would guide incremental change over the coming years. Once in place that data could be the basis of a virtuous cycle of evidence-driven governance. With the data needed for purposes of internal accountability and control increasingly coming from the same data base, and being accessible in real time, there will be increasingly less need for multiple reporting systems and for the deep fragmentation of overhead functions that now exists. Similarly, functions such as evaluation[48], audit and current performance monitoring will gradually become collapsed as the same data can feed all these functions simultaneously. The number vertical of layers between the top of an organization and its front line staff can be reduced, again further reducing internal overhead functions.

Perhaps more fundamentally, the emerging 'what works best' information base will support both internal governance decisions and decisions related to what will work best for the citizens who are affected by the program. In other words, the same signals and citizen-centred values will reach public servants at all of levels of the bureaucracy, gradually replacing the inward-looking control values that

[47] Big governance reforms related to the enabling society, with its emphasis on hard evidence, should only be introduced after the information base needed to support them is in place and tested. They should not be associated with many big public service reforms of the past that were intended to improve to organisational structures, the levels where decisions were taken or accountability arrangements – but that resulted in only small improvements (and often ones that were subsequently reversed). Often their main effect was disruption, huge amounts of time devoted to writing new job descriptions and procedures and to training on the new way of doing business, and still more internal reporting burden.

[48] For example, evaluation results, which today take highly specialized staffs many years to produce because they often follow individuals for years after a program intervention, will be available automatically and real time as a result of calculations of expected outcome which were, in turn, based on the rigorous methods developed by those in evaluation discipline.

Figure 12. Why evidence-driven governance was not possible with welfare state service programming

An evidence-driven system should provide measures that support incentives and accountability arrangements which are related to the real objectives of the various actors in the system. However these actors have quite different roles to play, with different, but overlapping objectives. Take the example of a training program that uses employment insurance funds to provide unemployed people with skills that are in shortage:

- The objective of the government division that provides the funding is to reduce the future costs of EI benefits. The objectives of the overall employment department, which has many programs in addition to this one, might also include reducing unemployment rates and filling skills shortages. Still higher order government objectives might be cast in terms of competitive workforce and combatting poverty and exclusion.
- The individual being trained will have varying objectives as well: finding a decent job quickly, increasing future job stability, finding a job with hours that are compatible with those of his or her spouse, or (for a recent immigrant) finding a job in an area where people who speak his or her native language live and work.
- Suppose that the training is provided under contract to a community college. The objectives of the specific teacher might be cast in terms of the numbers of students who graduate with the pre-defined skills as a percentage of the numbers of students that were originally referred to the trainer. Another would be to provide high quality training, meeting the expectations of the students. The college in question would have an immediate objective of keeping within the costs called for in the contract. However, it would likely have a higher order goal of providing training that actually resulted in the new skills being used in the labour market – in order to achieve its own goals of making a difference in its community.
- The government officials who designed the program would have several objectives, including correctly specifying the kind of skills to be received. The officials who made the contract arrangements would have overlapping objectives that included choosing the training provider that would do the best job at least cost. The employment counsellors or case workers who referred the individual to the training would have still other overlapping objectives including, for example, early savings to employment insurance, satisfying the expressed needs of the individual being referred and making sure that all the training openings that had been paid for were, in fact, filled.
- The many employees in staff positions – such as developing curricula, training the trainers, undertaking the labour market analysis to determine which skills are in shortage – will all have their own sets of objectives and constraints that they must adhere to. Many of these are system-wide such as ensuring service to the public in both official languages and gender equity in hiring practices.

There are three reasons why, in such a program, a comprehensive evidence-driven approach could never work given existing systems and data:

1. Only a small fraction of the needed information is available, and that which does exist tends to deal with inputs and immediate outputs. The available measures are irrelevant to many actors and, to the extent they are actually used to assess accountability or to provide incentives, they distort the system away from its real objectives and are treated (appropriately) with cynicism.
2. Measures that relate to higher level outcomes (e.g., based on evaluations that examine the subsequent effects of the intervention in the lives of those who were trained) are rare and, when they do exist, come too late to be of any use in assessing current performance.
3. The measurement systems used by different partners are not integrated. The example used here of the government and the college was comparatively simple, since a contract existed. The problem of measuring whether objectives are being met is much more difficult in the case of looser partnerships, where the various parties are likely to have quite different hierarchies of outcomes and outputs, ones that happen to overlap in the particular project in question.

What is needed are highly detailed, but integrated measures along the many different, but overlapping hierarchies of inputs-processes-outputs-outcomes – to the point where combinations of different measures can be tailored-made to the individual objectives of the many actors involved.

The dominant trend in most welfare state thinking has, however, been in the perverse direction of choosing a minimal numbers of aggregate indicators in order to emulate the profit bottom line that was thought to exist in the private sector. Doing this ensures irrelevance, since there is no single comparable bottom line in the training example and all actors will invariably have multiple objectives. It also results in the creation of separate, non-integrated reporting systems when the main line management information system fails to deal with the inevitable crises that arose or where new priorities were set – miring the system in red tape and further distorting incentives away from fundamental objectives.

Figure 13. Why empirically-based governance will be possible in the enabling society

Figure 12 indicated three reasons why incentive structures and accountability arrangements were not possible in welfare state services programming designed in the pre-computer age. All three obstacles will be overcome with enabling society programming based on big statistics:

- Comprehensive data will be available to construct tailor-made sets of detailed input-process-output-outcome hierarchies. See discussion below.
- Data on high-level expected outcomes will be available at the time decisions are made, with the data based on systems that are continuously learning from past experience.
- All partners will be able to consistently compare their own output-outcome hierarchy with those of other partners since the basic data source used in measurement will themselves be consistent – based on the national system of big statistics. See discussion in Chapter 6.

The ideal system

The horizontal and vertical dimensions of social programming could be managed in an integrated, evidence-based manner if the following information were available.

First, micro information about those who use the program: such as their incomes, employment, or skills as well as about the factors that led to, or are associated with changes in those characteristics. The data would show how the public interventions used by the individual interacted with the events and activities that occurred in the other domains of life – in work, in the family, in the community, etc.

Second, micro information describing the public interventions with measurements reflecting the following hierarchy of inputs, processes, outputs and outcomes:

- Inside a program, inputs would be measured (the costs associated with the administration of the program, including labour costs of direct delivery and associated overhead costs) and processes (the techniques used to transform inputs to outputs) would be described in a standard way.
- Each individual program would have a specific output that corresponds to its immediate mandate. For example, the output of a training program might be cast in terms of numbers of graduates at specified skill levels and their perceived satisfaction with the training received.
- These outputs could be fitted into one, or multiple, outcome chains that are associated with policy objectives along the lines indicated in Figure 12. These would show how various programs work in combination to achieve a range of policy objectives.

Third, a data base that integrates the two streams of data above such that, for example, for each individual there would be a record of the specific public interventions in which they participated.

The feasibility of constructing such an information base

Much of longitudinal individual data in point 1 is currently available or being developed in the statistical system, in tax files, and in microsimulation models such as LifePaths.

Much of the program information in point 2 currently exists in government administrative files and is increasingly being used in calculations of this sort. As noted earlier, the biggest gap is consistent process information about what happens inside the black boxes of service interventions. An input-output-outcome hierarchy is already used, for example, by the Government of Canada in its internal coding of expenditures.

The combination of statistical and administrative data in point 3 has already been piloted as seen in the example of the 'what works best' information in Figure 1 (on page 18) and Figure 2 (on page 21). Part 2 of this paper describes how this 'what works best' example can become the normal way of doing business.

The resulting shift to evidence-driven vertical and horizontal decision-making

All the information needed for micro level vertical management can be generated, and accessed, from the same data base and in real time as decisions are being made – including monitoring the uses of resources, assessing efficiency, compliance with rules, quality of service delivery and expected outcomes. Incentives would be based on real measures of what is expected, and as would accountability measures.

As well, consistent comparisons of these relationships can be made across different programs, including those in different jurisdictions, allowing performance to be assessed against benchmarks.

Horizontal issues could be managed based on a detailed understanding of the characteristics of the interventions that might be joined-up and an understanding of the expected success of the joined up activity. Cost and benefits could be calculated for different options for programs taken in isolation or in partnership with others – both from the perspective of society as a whole and from the perspectives of potential partners taken separately.

now often govern day to day activities. In the welfare state, internal reform initiatives were typically carried out independently of the content of the policies or programs that were being administered. The coming of enabling society offers a wonderful opportunity to simultaneously reform both the content of the programs and the way in which they are delivered – based on the same underlying measures and values. There is real potential for a transformative simplification of bureaucracy.

A realignment where internal bureaucratic incentives and values directly reflect higher level policy objectives – making a difference, building a better society – could eventually have powerful consequences on the morale and productivity of public servants and, at the same time, could reduce distrust between citizens and governments. It would be naïve to think that an integrated information base could, by itself, lead us to a new utopia. Many other factors are obviously at play. Nevertheless, the changes described in this paper suggest that governance in the enabling society could be much healthier than that which exists today, in the dying years of the welfare state.

5.3. The changing roles of the main players: a new era of partnership

The last section dealt with governance issues within government. This section describes another dimension of governance, the changing roles of the different actors within the social policy world, including governments, citizens and a variety of third parties – and the changing ways in which these actors communicate with each other.

The section will argue that there has been a rebalancing of the roles of citizen and state, with a larger role for the citizen, as well as a comparable rebalancing between government and third parties in the delivery of social policy. These changes signal a deeper transformation that is still to come.

A larger role for citizens

The larger role that citizens are expected to play in decision-making has already been discussed in Chapters 2 and 3, where particular attention was placed on pensions and retirement decisions. Similar, if smaller, shifts towards individual choice and responsibility have taken place in many areas of social policy. For example, Canada has tax assisted savings that are intended to encourage/acknowledge individual initiatives in a variety of areas. The extension of parental leave provisions and a number of tax benefits are intended to support caregiving in the family. Matching grants and tax credits encourage private charity. In long-term care, there has been a major shift towards support for independent living with a larger role for family caregivers and the individuals themselves – and away from reliance on care in publicly-supported institutions.

There will, of course, always be a balance between the collective role of society and the role of the individual in dealing with social issues. The current trend can be seen as a corrective shift, following the early days of the welfare state where there was a big swing towards the collective side of the balance (i.e., all tax-payers, taken collectively and acting through government programs funded by general revenues).

The new emphasis is often cast in fiscal terms and justified by the need to reduce government spending. However, it also reflects trends in thinking about the whole range of the social policy goals and values that were discussed in the last chapter. For example, the shift away from the almost exclusive point-in-time perspective of welfare state programming and towards the asset-building, lifecourse approaches of the enabling society necessitates a greater recognition of the contribution of individuals themselves, with the state seen a more supportive role. A capacities approach along the

lines proposed by Sen necessarily puts the individual at the centre; personal freedom to develop ones capacities is seen as an end in its own right – independent of (but largely consistent with) traditional notions of social or collective well-being[49].

The shift in the balance between the individual and state has taken place in most countries, but most visibly so in the United Kingdom as outlined in Figure 14. The figure illustrates that the shift towards individual responsibility and co-production was real there, but is still best described as incremental rather than transformative. As well, it illustrates that what is really happening is not a simple shift from the public to the private, but rather a blurring of the lines between the two. That blurring also involves the relationship between governments and third party providers of social services[50], as described next.

A more active role of citizens in social policy is often referred to as co-production, where individuals are seen as active, equal partners in the design and delivery of the social programs in which they participate. That is, co-production recognises the full range of resources available to people, including their family and other social networks, their skills and particularly needs and aspirations and places particular policy-based interventions within that broader context. Bourgon, in the book described in Figure 11, provides several examples, including a Danish example of care giving for seniors[51]. In this example, the seniors were treated as partners in determining their requirements for care. The results were greater quality of life for the seniors, often involving less care than would be the case in a traditional program and reduced cost. However, co-production of this sort is still quite rare, and is difficult to put in place as a normal practice under traditional welfare state programming.

The term 'co-production' will likely soon become obsolete. In the enabling society, the terms 'partnership' or 'citizen-centric' will be more appropriate, for reasons that will be discussed shortly.

The balance between government and third party providers

The rebalancing of the roles of government and the individual that has just been discussed has its counterpart in a rebalancing of the roles of government and of third parties in the design and delivery of social interventions. They tend to go hand in hand, as in the UK 'big society' initiative referred to in Figure 14.

[49] This stress on individual agency, as it is referred to in the literature, also causes headaches for those who wish to measure social progress. There is no simple way of measuring empowerment, i.e., an individual's freedom to choose which capacities to develop. A paper by Alkira and Ibrahim (2007) discusses the conceptual challenges and the best indicators that are currently available. Ideally, longitudinal data is needed but that does not currently exist. However, reasonable proxies can be found by looking at different dimensions of empowerment, including subjective measures. These include: control over personal decisions; the power to make choices (referred to as domain-specific autonomy and household decision-making); and the ability to change aspects in one's life at the individual and communal levels. It is unlikely that there will be any mature measurement capacity in this area until the 'big statistics' described in in Part 2 of this paper are developed.

[50] A fuller treatment of this blurring would require a more extended analysis. For example, Burchardt (2013) points out that there are three dimensions to the public-private balance: financing (by general taxation and by other means, including by users and third parties); the provision of services (including directly by government, contracted out by government, by the voluntary sector and by private provision); and the extent to which governments, individuals or third parties decide on which provider is to be used and on the amount of services to be provided.

[51] Bourgon, (2011), pp 114 and 115.

Governments have always relied on third parties to deliver social programs, including through public institutions such schools or hospitals, through contracting with third parties in the non-governmental sectors, or through a variety of grants and contributions to third parties whose activities support the

Figure 14. Evolving public and private roles: the U.K. example and the Child Trust Fund

Changes in public and private roles in social policy in the United Kingdom have perhaps been the most dramatic and the most watched in recent years.

In the period of the Conservative government of 1979-1997, especially the Thatcher years, there was a highly visible effort to reduce taxation and narrow the boundaries of the welfare state, including privatization and making individuals themselves more responsible for their own social well-being.

The Labour government that followed did not pursue the cut-back agenda per se, but did introduce many reforms that were consistent with the lifecourse, asset-building perspectives which also emphasize the role of individuals both in financing and in choosing the best mix of supports to meet their individual and family circumstances. See the CTF example below.

More recently still, in 2010, the current coalition government in the UK has stressed the Big Society concept. In the 'big society' (as opposed to 'big government') people will have more say over planning decisions and voluntary groups will be able to run public services. The goal is to 'create a climate that empowers local people and communities, building a big society that will take power away from politicians and give it to people[52].

The public/private balance has changed significantly as a result of these UK initiatives, although perhaps not as large as the rhetoric suggested. Recent analysis (Burchardt 2013) indicates 'that

- In 2007/8, the 'pure public' category (i.e., tax-financed, publicly provided services under public decision-making) accounted for just under half (48%) of expenditure, which was only slightly smaller than the corresponding proportion in 1979/80 (52%).
- At the other end of the spectrum, the 'pure private' (free-market) category had grown from 24% of the total to 31%.
- In-between, there were significant increases in contracting out (private provision, public finance and decision) and slight falls in voucher-type schemes (public finance, private decision and either public or private provision).'

The short-lived (2003-2010) Child Trust Fund (CTF) is an example the new breed of programming based on lifecourse and asset-based concepts that is built around government support for autonomous decision-making by individuals and families. It is also an example of the risks of introducing dramatic new kinds of programming quickly[53] – before the needed information on likely outcomes can be developed through experimental methods.

The CTF was an investment fund created for all children at birth with the child being able to use the moneys in the fund once over the age of 17 for any purpose, including further education. The government contribution to the fund could be topped up by parents. An important goal was to increase financial literacy particularly about the importance of lifecourse savings.

The CTF is an example of the increasingly blurred lines between the public and private domains in social policy. An assessment of program (Burchardt 2013) notes that

- The providers of the investment arrangements were all in the non-public sector, but the largest providers were mutuals (the UK term for non-profit organizations owned by their employees or communities, often taking over activities that were formerly run by government), so classifying them as 'private' providers could be misleading.
- The initial voucher that went into the fund when a child was born was state-financed, but parents could make top-ups (private finance) which were themselves tax-free (public finance).
- The decision about which provider to use was the parents' (private decision), but if parents failed to make a choice, the state allocated the voucher to a particular provider on their behalf (public decision).
- Finally, the decision about how to use the fund was the child's (private decision), but when to use it was fixed in legislation (not sooner than the child's 18th birthday – public decision).

The program did not change savings behaviour greatly among low-income groups and was ended in 2010.

[52] http://www.cabinetoffice.gov.uk/media/407789/building-big-society.pdf

[53] The CTF had low take-up, savings and contribution rates among lower-income people, a key target group. It also was costly and a likely cut in light of fiscal pressures. Prabhakar et al (2010)

social policy goals of government. The newer trends are towards partnership arrangements and social finance.

In the past most arrangements with organizations outside government were in the form of contracts, contribution agreements or grants[54]. A newer type of arrangement, referred to as social finance, attempts to mobilize private capital in order to achieve social goals. One approach is to support social entrepreneurship (i.e., private sector companies that have a social agenda as well as producing goods or services in the market), to provide various 'pay for performance' arrangements and to match private financing with public funding, or devices with titles such as social impact bonds or social investment funds[55].

As described in the last section, there is currently little evidence to support the successful management of horizontal activities that cross departments and jurisdictions within government. The evidence is even weaker for horizontal activities that involve delivery by quasi-independent public bodies such as colleges or hospitals – and worse still for horizontal arrangements that extend to the private sector such as social finance or grants[56].

It is for this reason that social finance and similar initiatives that require evidence-based horizontal relationships are at the early stages of development and are treated as pilots or, ideally, as experiments. For example, a recent social finance initiative by Employment and Social Development Canada (ESDC) is explicitly being treated as being exploratory.

The enabling society: information flows and partnership

The roles of different actors in the system are considerably shaped by the communication channels among them and the information that flows along these channels. In recent years, the main reforms by

[54] The distinctions refer to the extent to which the government funds are a tied to the government's immediate objective. For example, a contract might pay a private sector training organization or a college to provide specified skills training for unemployment clients that were referred to it by, say, a government unemployment office. On the other hand, a grant might be given to an organization to meet generally agreed goals, but with few strings on how the funds are actually spent. The more recent trend is towards partnership agreements where the government shares the cost of an initiative with organizations that have a shared objective. Examples include various local initiatives. A recently announced Government of Canada job grant program would provide funds to an employer who trained people in areas of skills shortages, with funding shared by employer in question and the two orders of government.

[55] The Social Research and Demonstrations Corporation (SRDC 2013) has produced a useful overview of different types of social finance arrangements including an assessment of their strengths and the challenges they pose. The basic conclusion is that they have potential for promoting a better alignment of the incentives of employers, providers, governments and job-seekers. However there are very large challenges that will prevent social finance from becoming a major part of the system for many years. Among these are regulatory challenges with respect to profit-seeking activities by charitable organizations.

[56] Many years of experience with contribution agreements has shown that it is not possible to quantify the success of social interventions in the absence of serious evaluations. Information from front line staff, external observers and program participants is useful in assessing topics such as quality of service delivery. However, because they cannot know what would have happened in the absence of the intervention they cannot assess the effectiveness of the intervention. This is a particularly serious problem for pay-for-results arrangements since the immediate results, or outputs, of many social programs often have little relationship with their higher level outcomes such as making a difference in the subsequent lives of individuals. In the pre-computer world of welfare state programming, evaluation is costly and its results are available only years after the fact. That is, they cannot be directly used in pay-for-performance arrangements.

government have taken the form of e-Government initiatives where computer technology is used to improve the flow of information among the main actors in the system.

When compared with original expectations, the results of e-Government initiatives have generally been disappointing and costly. With only a few exceptions, all that has happened is that electronic tools have been used to disseminate pre-existing information more broadly and to allow people to use the internet to apply to pre-existing programs or to complete tax forms. This is useful without question, but it amounts to doing things that have always been done in a more efficient way. A 2005 OECD document[57] reviewed the state of e-Government at that time. It argued that that future success in e-government implies far deeper reforms across government than have been seen to date in the mainly program-by-program approach that has been taken to computerization. A more recent OECD document on m-Government[58], referring to the use of mobile ICT technology, came to similar conclusions, ones that mirror those of this paper.

The replacement for e-Government and m-Government will be a system that allows all actors in the system to have access to exactly the same 'what works best' evidence that is used to support horizontal activities within government as set out in Figure 13. That is, big statistics will create a new kind of partnership relationship among citizens, governments, researchers, companies and a range of voluntary organizations. All parties contribute information to the big statistics system. That information is transformed within the system into anonymized new kinds of information. This new information is, in turn, used by the different parties in real-time to improve the decisions that they are making in the social and employment domains of life.

It will be a system based around partnerships. For example, in his or her relationship with the world of social policy, the individual citizen becomes a full partner – not a customer or a client or a beneficiary. Terms such as 'co-production' become obsolete, at least when the phrase is used narrowly to refer to two-way arrangements that involve an individual and a public body. That is, in the enabling society, the government's role will often simply be the maintenance of the system of big statistics which the citizen uses directly using tools that are as simple as those used in on-line shopping, with no direct 'co-role' for active government production in the sense of traditional training or caregiving interventions. In other cases, the partnership arrangements will extend beyond individual-government relationships to also include participation by families and non-government bodies.

Part Two of the paper discusses how this transformative system of big statistics can become a reality.

[57] An OECD study on the challenges of e-Government (OECD 2005c) describes progress that had been made and analyses what needs to happen next, including basic changes in the governmental 'back offices', in ways of service delivery and in measuring the business case for reform. One of its observations is that the path towards overcoming internal silos has been inconsistent. Early attempts to provide common services and common business practices were put off the rails in some cases by New Public Management reforms that worked in the direction of increased decentralization and autonomy – i.e., fortifying the silos and the way in which they were communicated with the public.

[58] OECD (2011c). In terms of policy formulation, this paper argues that the priorities are for governments to become citizen-centric (which has not yet happened), for government to be restructured (to better with work with other actors) and to have public services that are participatory, transparent and measurable (providing citizens with the capacity to measure the outcomes and impacts of those services and to participate in their development.)

PART 2. SMOOTHING THE TRANSITION TO THE ENABLING SOCIETY

6. A PRACTICAL STRATEGY FOR MOVING TO THE ENABLING SOCIETY

If the argument of the paper is right, the shift to the enabling society is inevitable over the very long run. The ICT technology on which it is based will be so pervasive and will have so many obvious advantages that not using it is almost inconceivable. However, the transition has the potential for being extended and tortuous.

The challenges are large. The 'what works best' designs of enabling society programs are radically different from those in existence today and could not simply be introduced suddenly, without causing great confusion and alarm – creating worries either that the existing social safety net was being disbanded or, conversely, that big brother, cradle-to-grave programming was being imposed. A gradual, experimental implementation strategy is needed, one that does not conflict with main programming during the implementation period. In governance, existing organizational arrangements and processes will need to be revamped. Many vested interests could be upset. More generally, the social policy system currently lacks the consistent language and approaches to measurement that would be needed to quickly shift a siloed approach into one that reflects empirically-based common interests.

These challenges could never be resolved through top-down big reforms. Especially in a federal country such as Canada, the programs in questions are spread across different departments in different jurisdictions. There is simply no body with the authority to impose top-down solutions. Nor could any government succeed if it tried to impose a common empirically-based language on researchers in different jurisdictions and disciplines. No government initiative could, or should, change the way in which economists or sociologists see their worlds or attempt to change the language used to communicate their findings.

A four-part implementation strategy

What is needed is a gradual implementation strategy that will build on those shared interests that do exist. That strategy would set out a new narrative about what should happen in the future, a kind of vision of the enabling society that will gain support and consensus. It would also set out a plan for gradually moving us towards that vision in a non-threatening, consensus-building manner that resulted in measurable payoff in the short- as well as longer-term. In Canada, this suggests a strategy based on the following elements:

1. Strengthening the system of national social statistics based on 'big statistics' principles.
2. Developing a conceptual document that describes the end state to which the gradual implementation is directed and that provides a common language to support both narrative and quantitative communications that can be used in all the silos that comprise the world of social policy and social analysis.
3. Funding and evaluating small-scale experimental and demonstration projects.
4. Building an open system of communication, consultation, and co-ordinated development based on the elements above.

Building a system of big social statistics

On the surface, it may seem perverse to propose using the national statistical system as a key tool for transforming the entire world of social policy. At the best of times, statistics are supposed to support policy-making, not lead it. Statistical planning is usually far away from the tables where Ministers make policy decisions. At the worst of times – and some think that is where Canada now is – national social statistics are seen by governments as costly, lacking relevance, and intrusive. While this diagnosis may not be accurate, the next chapter will demonstrate that there is indeed a real problem with current social statistics. However, it is a problem that can be fixed by shifting to a system of big statistics that can produce the 'what works best' information discussed in Part One.

Many factors suggest that a shift to big statistics can, if well managed, accelerate and smooth the entire transition to the enabling society. The next chapter explains the quite extraordinary benefits that will occur. Here we simply note that everyone will gain, that there are no obvious sources of opposition or resistance and that, at least in Canada with its central statistical agency, there is a potential governance structure in place that can make the needed changes without infringing on the interests and mandates of other organizations and without infringing on individual rights including the right to privacy.

Broad support for a shift to big statistics

The need for deep changes in the internal structure of national social statistics is well understood among those within the statistical system. The changes involve replacing today's pre-computer way of structuring data according the source of that data (surveys, censuses and administrative files) with a more flexible, user-oriented data base structure – one that makes far greater use of administrative data. Background work has been underway for several years, both in Statistics Canada and Employment and Social Development Canada (ESDC), in preparing for this shift to what this paper refers to as big statistics.

The new approach to social statistics should also appeal to the governments that fund the collection of social statistics. The transformed statistical system will be less intrusive and far more cost effective. It will produce big fiscal savings. It will help in developing new and more innovative policy solutions, as opposed to simply pointing out the faults of the dying welfare state policies. Governments are also likely to welcome the fact that the main users of the transformed statistical system will be ordinary citizens, and not only intermediaries such as researchers and interest groups.

Policy-makers and their advisors would certainly not welcome any suggestion that statistical planners were implicitly dictating policy directions through their choices of data to collect. However, they would welcome a system that would allow them to communicate their priorities to the statistical system in a way that met both present needs and that supported the longer-term evolution of social policy in agreed directions. The intellectual framework, described below, provides a tool that will make this possible.

Finally, ordinary citizens and researchers alike will greatly welcome the highly practical 'what works best' information that will be produced and made accessible in real time. Since knowledge is power, the rights and freedoms of newly empowered individuals will be strengthened.

Gradual implementation

Further the task of shifting to a system of big statistics can be done incrementally. For that to happen there will need to be a master plan that describes the future end state structure of the new statistical system. With an agreed end state in place, existing data can be adjusted so that it continues to meet

existing needs and also fits into its new place in the new system. Similarly, new research initiatives and the collection of new administrative data can similarly be designed to simultaneously fit into the new end state structure as well as meeting the immediate research or administrative purpose.

The conceptual framework

The second element of the strategy is the development of a conceptual framework that will fill several functions. One of these will be to provide the 'end state' map of the new system of big statistics that was just discussed and that simultaneous describes the end state of the policies and programs themselves – that is, the long-term direction towards which the system is evolving as a result of a large number of independent initiatives. Both goals can be met since the boundaries of the new system of big statistics will be very close to the boundaries of the content of social policy itself.

Such a framework can provide a common set of words and numbers that can be used in an integrated way in policy analysis, in program design, and in all aspects of planning and accountability in the social policy area. If well designed, it can support analysis and consultations related to both existing welfare state policy and the new enabling society policies. It would allow policy-makers and analysts to communicate their priorities to those in the statistical system in a practical, operational manner – and allow statisticians and analysts to more effectively communicate their quantitative findings to those in the more narrative worlds of policy-makers and ordinary citizens.

Canada has already taken a lead in developing such a framework. It is known as the Olivia framework and is described at length in Chapter 8.

It is a 'behind the scenes' framework showing how all parts of the social system are inter-related. It would be of interest to experts but would not necessarily be visible to ordinary citizens or even to people in the policy community. All that would be seen are a set of consistently defined words and numbers that they could use in an integrated manner when discussing social policy topics. So, while the framework itself would not require broad support, its result in the form of a consistent, simple social policy language would be generally welcomed. Experts would certainly not welcome an attempt to unilaterally impose a new conceptual framework on their disciplines, but they would welcome a common language to communicate their statistical needs to the statistical system and their findings to the policy makers. The Olivia framework has been carefully designed to be consistent with the existing language used in various academic disciplines and to support, not conflict with, a wide range of social and economic theories. It is a descriptive framework only, not a replacement for different theoretical structures.

The implementation strategy calls for the ongoing development of the Olivia framework and for using it as a way of integrating the three other elements of the strategy.

Experimental and demonstration projects

The third element of the implementation strategy would be a relatively modest initiative to fund and learn lessons from selected experiments and demonstrations. Its practicality and reasonably quick results would be a happy complement to the more theoretical and analytic themes of the big statistics and conceptual framework components of the strategy.

This is an area where Canada has many advantages. The infrastructure to do this well already exists particularly in the government of Canada and with bodies such as the Social Research and

Demonstration Corporation[59]. As well, the existence of programing that involves both federal funding and provincial and territorial delivery is ideally suited to an experimental approach, allowing learning by comparing the results of different initiatives in different provinces and territories[60]. Federal-provincial-territorial labour market agreements are already in place that should facilitate this kind of initiative.

The overall project could consist of funding a number of different kinds of initiatives that were directly related to the transition to the enabling society, including different approaches to delivering services and information products, or to exploring different research tools. The payoffs from developing the 'what works best' capacity described in Chapter 2 would be particularly high – including both 'what works best' ALMPs and the interactive, real-time provision of information directly to citizens. Further, the payoffs from these would be visible quite quickly, within a few years[61].

The consultation processes

The final element of the strategy calls for making some minor adjustments to a number of consultative streams that would be taking place in any event. The goal would be to build broad understanding of the many benefits that would result from a smooth transition to the enabling society and to encourage cooperative action on multiple fronts. The adjustment in question would simply be to use the terminology of conceptual framework in each consultation and to explicitly show how the consultation streams were working in harmony. The result could be a virtuous circle with conceptual thinking, practical policy-making and statistical planning evolving in a more rational, harmonious way, cutting across existing silos.

In one of the proposed consultative streams, a federal department with a large, cross-cutting social and labour mandate such as ESDC would use the language of the conceptual framework in its routine

[59] The government of Canada has long experience in funding such innovative exercises, and in monitoring their success. A program called 'Innovations', established by the ESDC predecessor in the 1980s, had similar objectives and, through a series of intermediate steps, was transformed in the Social Research and Demonstration Corporation, a not-for-profit world-leading organization that conducts social experiments. Employment Insurance has often been used as a means of funding innovative approaches that could shorten the time spent in receipt of employment insurance benefits. On the research side, the Social Sciences and Humanities Research Council (SSHRC), the federal granting council, has taken a lead in, for example, funding networks related to lifecourse research.

[60] The Government of Canada's contribution would consist of funding, technical expertise and most of data used in the 'what works best' calculations, which comes from federal tax and employment insurance administrative data. The provincial and territorial governments must necessarily be involved in those initiatives that involve service delivery. Successful initiatives could have high payoff both to the federal employment insurance program and to provincial/territorial social assistance programming. There would be no need to impose artificial 'national standards' on these initiatives; a diversity of approaches would be an asset. As well, there would be no need to include provinces and territories who did not wish the join initially; it would be simpler to start on a smaller scale.

[61] Several readers of earlier drafts of this paper questioned the almost exclusive emphasis on funding practical projects with short-term as well as long-term payoffs. For example, the failure to identify additional SSHRS funding for independent academic research was noted, as was any mention of investment in badly needed longitudinal surveys. The author is convinced that these are important. However, the priorities for establishing which research and which longitudinal surveys should arise from the normal process of consultation and decision-making that takes place in these areas – and the proposed strategy would greatly strengthened these channels of consultation. Moreover, the spirit of the enabling society is one where decisions are based on evidence. It seems best to start with projects where there would be clear evidence of payoffs in the medium-term, including net saving to government treasuries. For example, longitudinal data is obviously critical – but that new question will be how longitudinal surveys will fill gaps left by administrative data (the main source of longitudinal data in the future) and how such surveys will support the 'what works best' information needs of individuals. It will take time to develop thoughtful proposals along these lines.

consultations related to the various social programs and policies for which it was responsible, in its collaborative arrangements with its provincial and territorial partners, in its dealings with researchers outside the department and in its internal plans to use its own administrative data for statistical and analytic purposes. The framework itself could be invisible in these consultations; it would simply provide a consistent terminology.

Similarly, the terminology of the framework would be used in consultations related to priorities for the new experiments and 'what works best' pilots described above – and in reporting on the lessons learned from these initiatives. If the terminology of the framework did not fit well with these applications, it would be adjusted accordingly. That is, the framework would evolve in line with cutting edge thinking about better policy instruments.

A third strand would be consultations about priorities for the content of the new system of big social statistics. These could be supplemented by a parallel stream of more technical consultations dealing with the mechanics of measurement and the further evolution of the conceptual framework.

Next steps and the need for leadership

A strategy along the lines proposed – better statistics, a conceptual framework, funding pilot work, and making adjustments to consultations that would be taking place in any event – might be seen as overly modest, given the large payoffs that will result from a quick transition to the enabling society. However, all that is really needed, or possible, is a nudge to provide more coordinated and speedier action in areas where change would eventually take place in any event.

This nudge will, however, require leadership. Someone must be in charge of making sure that the four elements of the proposed implementation strategy will be maintained over time and will work in coordination. There needs to be a voice at a senior level advocating a smooth transition to the enabling society.

The next step is therefore to identify the way in which that leadership can be manifest. An outside paper such as this cannot make recommendations for detailed work plans or governance arrangements. However, some possibilities are obvious.

First, the leadership must come from government since three of the elements of the implementation strategy (big statistics, experiments and consultations) all involve government instruments. A think tank or academic consortia could help develop the intellectual framework, but the framework would have to be fully integrated with the other streams. Within government, the federal government has most of the tools including the responsibility for national statistics. It would have to be heavily involved. However, a province could make headway on some topics and lead by example. Indeed, a lead by one or two provinces, with support from the Government of Canada in areas such as data sharing, technological expertise and the cost sharing of experimental initiatives, would be an almost ideal first step. Labour market agreement are already in effect and, presumably could be readily adapted to this new purpose.

Joint federal-provincial-territorial leadership would be a theoretical possibility, but in reality a project that required consensus and active leadership from fourteen separate jurisdictions would make little sense – although such a body could play an important advisory or steering role.

Within the Government of Canada, the obvious players are Statistics Canada, ESDC and a central agency. The UK has used the central agency route with some success, with the cabinet office playing a key role in exercises of this sort. ESDC has a wide social and employment mandate and, in the past,

has played a leading role in many of the areas discussed in this paper. It also has programming that could be used to fund the 'what works best' pilots. Statistics Canada must necessarily be involved and could play the lead role in matters related statistical planning and the development of the conceptual framework – although it might be good strategy for Statistics Canada to play the role of responding to the demands of other for new kinds of statistics, rather than being the initiator of those demands.

ESDC could take the lead, although it would also be important to have a coordinated transition in other departments such as those dealing with health, immigration, and public safety. That may suggest a leadership role in a central agency, but strongly supported by ESDC and by Statistics Canada.

Alternatively, some form of ad hoc arrangement, such a special commission or task force could be established to provide leadership over the first several years of the transition – to get things rolling. Again it would be supported by ESDC, Statistics Canada and others. It might have a modest budget in order to fund the experimental development stream, to further develop the conceptual framework, and to manage some of the consultation exercises. An ad hoc body such as this might have greater credibility with the provinces and academic community, as opposed to direct leadership by a federal department. This would be especially so if there was some form of governing or advisory board that included provincial/territorial and academic representation. As well, an ad hoc body could avoid concerns that might arise from the public. As has been noted several times, the enabling society will be beneficial for those at all points along the values/political spectrum – but, if overly politicized at the outset, its inherent neutrality could be misconstrued.

7. BIG STATISTICS: THE TECHNOLOGY OF THE ENABLING SOCIETY

The strategy for accelerating the transition to the enabling society places heavy weight on the role of the system of national social statistics as a key agent of change. Such a central role for statistics needs further explanation since we are allegedly living in an era where research-based evidence is given low weight in policy-making and where national statistics are under attack.

Section 7.1 examines the strength and weaknesses of the current base of social statistics, with a view to distinguishing real from perceived weaknesses.

Section 7.2 describes the changes that are already underway to make social statistics more relevant.

Section 7.3 describes the structure of the new system of big social statistics that will eventually emerge.

Section 7.4 concludes by summarizing how the use of big statistics will transform social policy.

7.1. Social statistics today: useful but losing policy relevance

Everyone applauds policies that have been designed based on evidence of what is likely to work best, and that have proved to work based on evidence of their results. However, at least in Canada, doubts have been expressed about the extent to which national social statistics can provide that evidence. At times, policy-makers do not appear to be even interested in the evidence that exists. Cutbacks to both surveys and censuses and to social research based on those statistics have become a dominant theme.

A number of factors lie behind this seeming paradox. The good news is that existing statistically-based evidence is, rhetoric notwithstanding, heavily used in policy-making today – although those uses are not always visible to the public. Further, as will be discussed, the demand for relevant evidence is strong. The problem is that the existing statistical base was developed for a different era and is becoming increasingly less relevant to today's needs.

Statistical evidence is used, but those uses are not always visible

Statistical evidence is used extensively throughout the policy cycle as described in Figure 15. However, it plays a relatively smaller role at the most visible and crucial stage of the policy cycle, the stage when politicians make final decisions. This smaller role has been interpreted cynically, namely that decisions are taken on grounds of political expediency or values, even if the evidence clearly points in another direction. That has not been the experience of this author. In his understanding, evidence is nearly always used in decision-making when it is relevant. The problem is that, all too often, relevant statistical evidence is missing. The Canadian debates about the introduction of early learning and childcare[62] shown at bottom of Figure 15 provide an example.

[62] The most recent such debates took place in period from 2004 through 2007 and involved dropping a plan for federal financial support for early learning and childcare that had been negotiated with some provinces in favour of an allowance directed to mothers and adjustments to federal/provincial/territorial financial arrangements. The government changed during this period with incoming Conservative government favouring a different approach to both the substance of child care policy and in dealing with provinces than had the outgoing Liberal government. During most of this period, the present author was Assistant Deputy Minister of policy of the federal department concerned.

Figure 15. Uses and limitations of evidence at different stages of the policy cycle

Identifying social issues that may require action

The initial stage of the policy cycle involves examining the extent to which social problems are becoming more or less severe. Here a range of social indicators are routinely used and much effort has gone into their improvement. Most indicators today are based on cross-sectional readings that are repeated at regular intervals, such as monthly unemployment rates.

Assessing the effects of possible government interventions

At this stage, an assessment is made of the extent to which different types of government interventions might make things better or worse. This stage is also well supported by quantitative evidence. 'What if' modelling is a common tool. These are cross-sectional models that can predict the costs of a possible program design and its immediate consequences in terms of gains to society and numbers of individual winners and losers. They typically do not take account of the effects of any longer-term changes in behaviour that may result from the intervention.

Assessing the support for possible interventions

A parallel assessment of the acceptability of various policy alternatives in different population groups is often carried out, using opinion surveys and focus groups – often by the political side of government.

Choosing among policy and program options

Choosing among the options that are open, and explaining why that decision was taken, is the most visible stage of the policy cycle. It also the stage where value judgments typically play a more critical role than empirical evidence. For example, analysis at earlier stages of the policy cycle typically finds that many potential solutions would not be effective or efficient. Such options are typically taken off the policy agenda. Most of the alternative actions that do reach the political level for final decisions are those where the empirical evidence does not point to only one policy solution and where values and political judgement must necessarily play important roles in decision-making

Designing operational systems

Modelling and benchmarking sometimes provide evidence that is used in the design of practical service delivery systems. Behavioural economics, experimentation and feedback loops are starting to play a role. However, for the most part, program designs today are simply adaptations of pre-computer age designs that were put in place a half century ago. The kind of evidence-driven, self-learning designs discussed in Chapter 2 are still rare.

Monitoring and evaluation

Quantitative analysis is heavily used in monitoring the operations of programs – as indicated by the mountains of reports produced, if seldom read.

Empirically-based audits reach a wider audience, although that may not be immediately welcomed by the government of the day.

Evaluation of outcomes is based on a strong empirical methodology and is currently the best way of obtaining 'what works best' information. However the results are usually produced too late to be useful. Findings are often available only after the program in question has ended or been significantly revised. The real payoff will come in the future when the 'what works best' techniques of evaluation are used to calculate expected outcomes in real time.

Early learning and childcare: an example of the limits of empirical information when key policy choices are made at the political level

Canadian policy debates about childcare provide an example of the strengths and weakness of existing empirical evidence. From the perspective of this paper, this is a particularly interesting case study since it involves a critical lifecourse issue that was discussed in Part One. As well, the statistical evidence in question was based on longitudinal human development research – exactly the sort of evidence that the paper has argued will be key to the evolution of the enabling society.

Advocates of high quality child care with universal coverage used lifecourse evidence to support their case, namely research which showed that high quality childcare is associated with positive outcomes, especially for low-income families where the quality of care is currently low (Japel et al 2005).

Yet the reality was that, in the actual policy discussions at the national level, none of the proposals on the table were remotely rich enough to allow the creation of a universal system of high quality childcare over the medium term.

That is, the research did not directly address the real issue on the table, namely the balance between high coverage and high quality over a very extended development period.

Nor was the research relevant to the views of those who saw expanded childcare not in its role in human development but rather in its role as a way of providing a form of 'family allowance' aimed at supporting mothers.

In summary, the evidence was useful in the early stages of examining the possible need for policy action and even in some aspects of the design of policy alternatives. However, it was not useful at the later and more important (and public) stages of choosing among practical alternatives; here decisions were based, necessarily in the circumstances, on political judgement.

Statistical evidence is losing relevance

The argument to this point it that there is a demand for good empirically evidence at all stages of the policy cycle. Data will be used when it is relevant. The worrying trend is that, when taken as a whole, national statistics are becoming less relevant. They have not been keeping up with the evolving expectations for social policies that were described Part One. For example:

- Most statistical data today are cross-sectional in character, as opposed to the longitudinal lifecourse approaches that will be needed in the future.
- They deal primarily with transactions and flows, as opposed to an integrated approach that takes account of both flows and assets, such as financial and human capital.
- Most analysis is still based on pre-grouped aggregate data, rather than the micro data needed for finely-grained analysis and individually-tailored 'what works best' data.
- Most statistical data are obtained from surveys and censuses and, with a few notable exceptions, ignores the potential richness of administrative sources of data.
- Most statistical information today describes what happened in the past, only a month ago in the case of employment statistics, but often a year or more in the past – or much longer in the case of information about the subsequent effects of programs as determined by traditional experiments and evaluations. What is needed is information in real time that can be used when decisions are being made.
- Most current analysis is directed to examining a limited number of characteristics in a single domain of life, such as employment. What is needed is analysis that looks at combinations of characteristics and activities, including those arise in different domains of life such family, community, employment and school.
- Statistical data operate in separate silo from qualitative research which is needed for policy to be attuned to the richness and diversity of everyday life.
- The tools for using statistics are designed for governments and researchers, not citizens.

The data that exist today were designed for use in the decades when the welfare state was being put in place and fine-tuned. Today, as we are shifting away from welfare state perspectives to enabling society perspectives, analysis based on existing statistics seems to be embellishing old stories, without much current relevance apart from justifying positions taken on other grounds.

The statistical system today: a bystander in the information age

Part One explained that welfare state programming was based on pre-computer technology and was supported by statistical information that was similarly developed before the information age. Social statistics are losing relevance because they still reflect those origins. The structure of contemporary statistical systems today remains about the same as it was in the pre-computer age. We do the same old things, although much faster and in much more detail.

For example, social statistics are still mainly drawn from the same sources: cross-sectional surveys and censuses. The underlying data are still planned, structured and accessed in the same way: survey by survey, and census by census. Analysis has become more sophisticated but is still mainly based on pre-computer techniques – either based on tabulated, aggregate numbers (often time series of point-in-time readings such as unemployment rates or the incidence of sickness, crime or poverty) or on regression

and related analyses that can probe the relationships among these point-in-time readings. Users can now access rich statistical information quickly over the internet but, for the most part, the data that are accessed are similar to that which have appeared in print publications for decades.

Even much of the explicit demand for new data is based on pre-computer assumptions. For example, the recent Drummond report on labour market information in Canada[63] which, reflecting the views of people it consulted, identified a set of data gaps that were about the same as those that were identified a half century ago[64]. The very fact that the focus was on filling gaps is telling; the gaps are those that exist in a system developed in the pre-computer age – and the solutions suggested are, unsurprisingly, mainly extensions of those pre-computer technologies. There is not even a hint of the kind of solution that makes use of current information technology such as the 'what works best' information discussed in Chapter 2.

7.2. The system is evolving

The last section provided a snapshot of the current state of social statistics when taken as a whole. However it was perhaps too pessimistic in that it ignored a number of important steps that have been taken to move the statistical system into the information age – to produce information that can support enabling society policies.

The earlier pilot work on 'what works best' information has already been discussed. New longitudinal surveys have been developed to supplement the traditional point-in-time perspective of welfare state policies, as has a potentially powerful microsimulation capacity, although neither appears to have high priority in terms of continuing budgets. Statistics Canada and ESDC have started using knowledge planning approaches that take a cross-vehicle perspective. While Canada lags behind many other countries, including the United States, in the use of administrative records for statistical purposes, development work is underway on these fronts as well, but with relatively low visibility[65].

The coming years are likely to see even larger changes on three inter-related fronts.

First will be the shift to the 'what works best' data described in Part one. Eventually this kind of data will be the main product of the system of social statistics, with key uses in research and analysis, and at

[63] Advisory Panel on Labour Market Information (2009)

[64] The present author has direct experience with these pre-computer discussions. He started his career in the Labour Division of the then Dominion Bureau of Statistics (now Statistics Canada) in the mid-1960s when punch cards and mechanical calculators were the dominant technology. The discussions that he participated in some 45 years ago on ways of filling gaps in labour statistics were eerily similar to those that he hears today when he is occasionally asked to participate in similar discussions. These include filling gaps related to job vacancies, finely-coded industrially-based occupational data, job turnover and labour market dynamics, identification of skill shortages and the need to integrate skill and occupational concepts.

[65] For example, tax records have been used for many years within government for statistical purposes. A search of Statistics Canada's web site related to record linkage approvals shows a large increase in the use of a wide variety of administrative files for statistical purposes. For example, a Longitudinal Workers File has been recently constructed to examine employment dynamics. It is a 10 percent random sample of all Canadian workers, with longitudinal data going back to 1983 – constructed by integrating data from four sources: the Record of Employment files of ESDC (on worker separations), the T1 and T4 files of the Canada Revenue Agency, and the Longitudinal Employment Analysis Program (which in turn is created using administrative data).

all stages of the policy cycle. Most important, real-time uses of this data directly by citizens will become the primary audience for social statistics[66].

Second, the boundaries of the national social statistics system will expand to encompass most of the social data that will exist, including data from many administrative sources arising in many jurisdictions that are currently not used for statistical purposes. There will, of course, always be separate data bases about programs that are held by the agency responsible for that program and used for internal administrative and monitoring purposes. However, much of the data in those separate data bases will also be fed, often in an adjusted form, into the national statistical system[67].

Third is the shift to 'big statistics' – the new way in which data drawn from both administrative and survey sources are organized and analysed. This a technical topic, but one that has enormous potential. Big statistics will result in real improvements in the lives of citizens. They will change the way in which governments interact with citizens. They will allow the transformative shift to the enabling society policies described in Part One. The power of big statistics is, however, largely unknown in social policy circles. Accordingly the next section will provide a kind of laymen's guide.

7.3. The characteristics of the new system of big social statistics

The phrase 'big statistics' is an analogy to the recent growth of analysis based on 'big data' that involves searching enormous data sets – such as all the data found on Facebook or data sets related to genomes or meteorology – in order to produce new, meaningful information. In 2012, for example, the United States government launched a $200 million initiative[68] to 'improve the tools and techniques needed to access, organize, and glean discoveries from huge volumes of digital data [in order to] to help solve some the Nation's most pressing challenges.' New, and increasingly user-friendly, tools for analysing big data sets are becoming available from companies such as Google.

Big statistics is the next stage of evolution, building on big statistics but moving far beyond big data in terms of social policy implications and making a transformative difference in people's lives[69].

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[66] Almost certainly there will be initial resistance to having 'what works best information' produced by the same organization that produces traditional national statistics. On the surface, the two seem to have quite different audiences and to rely on different data sets. And yet, in the future, exactly the same data will feed both types of uses. The underlying methodologies used (sampling, data cleaning, modelling, the task of integrating data from different survey and administrative sources, etc.) are essentially the same. Especially in a federal country such as Canada where data sources come from different orders of government, the new system will require the privacy protection, professional competence and perceived political neutrality that can be best provided by an organization such as a national statistical agency that is separated, at least to some extent, from the day-to-day operations of government. In the longer-term, some form of organizational integration seems inevitable.

[67] An anonymous reviewer of an earlier draft of this paper provided a useful reminder that many academics are sceptical about the speed with which administrative data are likely to replace survey and census sources as the main source of national social statistics. Most of the use of administrative data has been taking place within government where privacy risks can be most effectively managed; academics have struggled to get any access to this kind of data. Inside government, only moderate priority has been attached to this kind of activity and, at current rates of progress, it will take some time before the changes described in this section will be implemented. However every sign suggests that there will be an explosion in the use administrative data over the next decade.

[68] White House 2012.

[69] Big data (such as searching for key words in internet usage) can supplement big statistics in applications such as marketing the need for new programs or monitoring awareness of existing initiatives.

As with big data, big statistics draws its information from many discrete data sets. However, big statistics are different in the sense that all the data which enter the system are consistently described with a resulting data base that is highly integrated. This allows extremely rich analysis and the creation of quite new types of information. This section describes how this integration is achieved and the resulting payoffs.

The structure of big statistics: the honeycomb analogy

Today, policies and programs are supported by a series of largely independent data sources. Statistical agencies mainly draw on their own the surveys and censuses. Program administrators use data collected as part of the operation of their programs. Separate reporting systems are often established to support accountability initiatives. Some attempt is made to ensure comparability across these various data sets through use of common concepts and definitions to the extent possible, but most analysis is done using a single data source or a limited number of comparable sources.

In the enabling society, in contrast, the use of new ICT technology will allow us to plan, store, and analyze micro data (i.e., data about particular individuals or organizations) drawn from many sources in an integrated way. While actual systems designs will be more efficient than this, for purposes of exposition it is simplest to envision a future where there will be a giant warehouse that contains all available data that are of even potential interest to social policy, regardless of their source. This data base will be much larger than anything we have today and will be mainly fed from administrative data sources, although traditional surveys and censuses will continue to play an important, if somewhat different role.

A beehive analogy is useful in thinking about the structure of the new social data base. The data base structure consists of a huge number of originally empty honeycomb cells – each cell representing a tiny bit of potentially useful social data, say the employment status of one specific individual on a specific day.

- Each such cell has a unique identifier, consisting of the concepts and definitions that describe the variable in question – the labour force survey definitions of employment and unemployment in this case.
- There would be separate cells for all Canadians, for every day of their life[70], with many thousands of variables for each individual each day (including the characteristics of the workplace she worked in, or the activities in classroom where she attended school, her own demographic and family characteristics and the characteristics of the dwelling where she lived and of her neighbourhood).
- There would always be enough cells so that they could be accumulated to create every piece of actual data that might be useful, including the all-important variables that allow the lifecourse analysis discussed in the next chapter.

[70] An hour, rather than a day, might be more appropriate in this example, since time allocation during a 24 period plays an important role in some social statistics. Note again that the beehive is an analogy only; actual computing systems would have far more efficient designs than suggested by the analogy. For example, there would likely be separate but inter-related data bases relating to individuals, to firms and other institutions, and to geographic entities. Nor would redundant data be recorded. For example, data of birth would only need to be recorded once, not for every day of life.

Of course, information from actual surveys, censuses and administrative records could fill only a small fraction of these empty cells with real data – the honey in our analogy. The question is how to fill as many cells as possible with accurate data in an efficient manner.

- Many cells can be filled from administrative sources, increasingly so as administrative data is cleaned and adjusted for uses in statistical uses applications and as many programs will themselves make use of 'what works best' statistics in their internal operation.
- Surveys and censuses will fill many other cells – increasingly to fill gaps in the administrative sources and increasingly to provide independent control totals and overlaps as discussed below[71].
- Many more cells can be filled by automatic imputation. For example, if information about a certain characteristic is available only annually, a daily equivalent can sometimes be automatically assigned to each day of the year. The characteristics of a neighbourhood can be imputed to all who live in that neighbourhood and the characteristics of a workplace can be imputed to all who work there.
- In many cases the actual data will be missing or will not meet the exact specification set out in descriptor of the vacant cell to which it is destined – for reasons of sampling and other errors or slight difference in the concepts used. In many cases the missing data can be imputed, and erroneous data cleaned, using sophisticated computerised techniques.
- In still other cases, it may be possible to impute data that were not collected in any of the source material, again as described below.

The cells in the honeycomb or data base will require two kinds of descriptors: a description of the holding cells and description of the data that are entered into those holding cells.

All cells, whether empty or containing actual data that have been collected, would be described in terms of the concepts and definitions that should ideally apply to the data in that cell – or that may eventually be in that cell. A conceptual framework, discussed in the next chapter will show how each cell is conceptually related to all other cells.

The other set of descriptors would refer to the actual data element that is placed in the cell. It would include its source and quality, including any imputation techniques that were used.

The miracle created by duplication, overlaps, partial data and control totals

We typically think of duplication in negative terms, a symptom of inefficiency and a source of unnecessary response burden. That does not apply in the new social data base which will automatically have many sources of duplicate or overlapping data, and others can be deliberately added. Figure 16 provides examples. Duplication, overlaps and control totals can be used to impute missing data, correct erroneous data and, in some cases, even create quite new data that did not exist on any one of the source files – the miracle referred to in the heading.

[71] That is, survey data would be increasingly used as a complementary way to supplement administrative data or census data. For example, data from adult literacy surveys would be imputed onto employment insurance and social assistance files, or student files, or small area census data -- in order to better understand the supply and demand for generic skills and how these relate to specific occupational skills in different industries, occupations and localities. Work in this area is well launched the Canadian company DataAngel (http://www.dataangel.ca/). Also note that the content of survey data is likely to expand considerably over time as suggested by the lengthy listing of capabilities found in Figure 7.

… role in quality control

Duplicate or partly duplicating data from different sources act as built-in quality controls and can be used to create new data. If data coming from different sources are conceptually identical but differ in reality, then we know that there is a problem with quality of one or both of these sources. Examples

Figure 16. Examples of useful overlaps, duplication and exogenous control totals

Stocks and flows: Separate data holding cells will exist for data on both stocks and flows. The two are completely reconcilable, conceptually.

- For example, if we take one's stock of financial assets in one period of time and add to it net financial flows (income minus expenditures), the result equals the stock of financial assets at the next point in time.
- Similarly, our human capital (measured in terms of skills) at one period of time is the same as that at the next period of time, if one adds the skills acquired in the intervening period and subtracts the skills lost during that same period through lack of use.
- The stock and flow notions can be built into most aspects social data – even including data on values and perceived well-being. This is discussed in the next chapter.

Individuals and institutions: In a fully mature system, there will be separate data bases for families, firms, associations, classrooms and other social groups. These will overlap the database that holds individual data.

- That is, while some characteristics of organizations (such as sales or profits in the case of firms) can only be described at the level of the institution taken as a whole, other elements are the simple aggregation of the characteristics of the individuals that comprise those groupings (such as its employees) – with the data about the latter conceptually overlapping the data in the individual database.
- As another example, overlapping data can be collected from schools and from the students who attend those schools (or their parents).
- As well as a conceptual overlap, there are often overlapping sources of actual data. For example, data about various aspects of a person's job are provided by the individuals themselves (e.g., from the Census or Labour Force Survey), and by the employers (e.g., from the Survey of Employment Payrolls and Hours – and are also provided to the tax system.
- The social data base of the future will have separate data-holding cells for all these overlapping sources – as well as the means for showing how they can be reconciled.

Overlapping data from individuals and government programs. In exactly the same way, government programs can be described, in part, by aggregating up the characteristics of program beneficiaries and contributors (obtained through individual information on the administrative records of the program – or from evaluative surveys). In part, however, programs can be described only at the level of the program as a whole (such as measures related to the efficiency of delivery or the extent to which program objectives were being met).

Overlaps between individual and spatial data. The same principle applies to spatial analysis, but in an even richer manner.

- The characteristics of a neighbourhood, or city or province or country can be determined, in part, by adding up the characteristics of the individuals who live in those spaces.
- Still other spatial characteristics can come from aggregating up the characteristics of the institutions that comprise those spaces (e.g., economic data from firms, data on patients from doctors and hospital).
- Still others (such as crime rates, pollution, and accessibility of services) can only be determined at the level of the geographic area taken as a whole.

National Accounts overlap. As will be seen in Chapter 8, our proposed social data base will include a way of capturing economic transactions (and approaches to economic stocks and flows) that is identical to that used in the national accounts – enabling full linkages to the double entry bookkeeping tools of reconciliation and analysis that are the strength of the modern accounts.

Time-based accounting: An even more powerful tool of reconciliation and analysis is time-based accounting where activities must add to the 24 hours a day. The framework discussed in Chapter 8 captures all of the benefits of 24-hour accounting – and adds to them by also incorporating lifecourse analysis where the total of all life trajectories must add up to an individual's life span.

Instrument-based overlaps: often arise as a result of the design of data collection instruments, where it is often necessary or efficient to collect identical or overlapping information. For example, basic demographic information is collected in the census, in many surveys and in many administrative files. The social data base of the future will have holding cells for all of these.

can be found in Figure 16. Resolving those quality problems can result in adjustments to the data that make them much more consistent and accurate. For missing data resulting from non-response or obvious errors in answering questions, it has always been possible to use imputation techniques to fill many of the gaps. In recent decades, there has been an explosion of new data created by applying new technologies to clean up messy administrative data sources. In the new social data base, the possibilities for imputing missing data increase by many orders of magnitude; there are many more sources of related and overlapping data on which to create the missing data.

…. and creating new information

Of even greater importance is the use of new computing power to examine the inter-relationships among similar or overlapping data sets in order to create new data that were not there in any of the original collection instruments. The change is comparable in scope to the introduction of sampling into official statistics in the post-war period which similarly allowed new information about a whole to be created by gathering information from only some of the members of the group in question. As with the introduction of sampling, this new approach will likely be introduced slowly at first and will be greeted with much resistance reflecting paternalistic concerns about the high risk of misuse of this new tool.

Following are some current examples of new data that have been created. These are major breakthroughs, but still only hint at the potential power of this new way of doing business.

- In recent years, Geographic Information Systems have provided vastly richer data bases of local area data, using new computing techniques that can draw on different data sources.
- In Canada, data on from the Adult Literacy sample survey have recently been imputed onto individual census records to provide a rich source of completely new data on skills by industry, occupation and geographic areas. It has even been possible to impute mismatches in the supply and demand for skills by developing data on employers' demand for skills (using the fine occupational coding on the census micro-records along with exogenous essential skills profiles developed by ESDC).
- Microsimulation tools, particular the LifePath model, have perhaps gone furthest in creating highly detailed life histories of (synthetic) Canadians, again drawing on inter-related data from multiple data sources.

7.4. Using big statistics

To this point, the chapter has discussed the internal structure of big statistics. Earlier chapters have provided examples of how these big statistics will be used in practice. Here we simply note that the system will support both highly complex research and also the needs of lay people. Experts will be able to play with the anonymized raw data directly, without the constraints of pre-existing ways of aggregating that data. Everyday users will have access to simple intuitive programs that provide information that is tailor-made to their needs and available when decisions are being made. These will be no more complicated to use than Facebook or Amazon.

The national system of big statistics will be a co-evolving system based on that new partnership. It starts by making a crude representation of real life by using information that already exists and steadily improves that over time as increasing amounts of data are added. That is, the system incorporates ever more lessons that have been learned by following the lifecourses of people and institutions, and

becomes an increasingly real representation of what actually happens in society. The more it is used the better it becomes. And all the partners using the system contribute, automatically, to its development.

This chapter has attempted to describe the structure of big statistics and explain its power in an understandable manner. It has done this by using analogies, simplifying descriptions and casting the argument at a high level of generality. The devil however is always in the detail. The next chapter will take a more microscopic look at how the system of big social statistics will mirror the structure of real life.

8. OLIVIA: AN INTEGRATING FRAMEWORK FOR THE ENABLING SOCIETY

The strategy for expediting the transition to the enabling society that was set out in Chapter 6 called for the development of conceptual framework that would act as a map to the new, and greatly expanded, system of social statistics and that would also be the basis of a consistent language of words and numbers that could support consistent, productive communications throughout the entire social policy world, including in its governance.

The System of National Accounts now provides such a framework for economic statistics and analysis, but there is currently no counterpart on the social side. Section 8.1 describes social accounting, an earlier attempt to develop a comparable framework to support social analysis.

Section 8.2 discusses the origin of a new conceptual framework, the Olivia framework, which can support the evolution of the enabling society.

Section 8.3 provides an overview of the contents of the Olivia framework.

Section 8.4 provides examples of how the framework supports virtually all types of social analysis.

8.1. Looking back: an integrating framework for welfare state social policies

The System of National Accounts has been a powerful force for integration on the economic side of policy-making. Why has no counterpart emerged on the social side? This introductory section suggests that an explicit framework is most needed during a period of major change in policy, with less need during subsequent periods of fine-tuning and consolidation.

From an historical perspective, the latest big change in social policy was the introduction of the mature welfare state in the 1960s and 70s. And indeed, at about that time, much work was carried out in developing conceptual frameworks to provide the new kinds of social analysis that was felt to be needed. The most thoughtful of these, and the one that is most relevant to the situation today, was known as social accounting[72]. The main themes of social accounting are set out in Figure 17.

[72] The main themes of this golden age of social accounting are captured in a book (Juster and Land eds. 1981) reporting on a 1980 workshop which included papers from the main players involved and overall assessments by key figures. The content of Figure 17 draws heavily from the concluding assessment by Richard Ruggles, even paraphrasing his words in places. The present author was, in his early days in social analysis, a great admirer of the social accounting school of thought as laid in this document and remains so today. It influenced the development of the Olivia framework in many direct and indirect ways.

Social accounting was not the only framework under consideration. Another stream of thought was to base a framework around a systematic approach to social indicators, an approach that was destined to fail for reasons described in Figure 17. Another was to use health as an overarching theme and to treat social and economic characteristics in the context of their role as health determinants (a movement sometimes referred to as 'healthy public policy'). It provided useful insights but the implied policy dominance of health consideration over all social and economic factors did not gain wide acceptance in the context of developing a comprehensive framework. The operational data to support a health-oriented government agenda simply did not exist at that time.

Figure 17. Social accounting: an unrealized framework developed for welfare state policies

Social accounting emerged at outset of the mature welfare state and flourished during the relatively short period from the late 1960s until the late 1970s, mainly in the United States.

It addressed two problems that were then seen:

- Existing cross-sectional statistics were descriptive, rather than dynamic and analytical. They were weak in helping understand cause and effect.
- Existing statistics were not easily integrated. There was little ability to see how changes in different aspects of society related to each other. For example, there were data on both subjective well-being and on objective characteristics, but they could not be used together to get an integrated understanding of the sources of well-being.

The goal was to develop a framework or accounting system that would:

- Show how social data were related to each other and with economic data.
- Would be based on flows, which would enable a better understanding of inter-relationships and which would provide a better handle on understanding cause and effect.
- Would be descriptive and neutral and, in particular, would not include social indicators in the social accounts per se, but rather see them as outputs of the statistical system. (Before the 1980s, discussions of social accounts and social indicators had often been muddled together in an unhelpful manner.)

The main focus was on two types of accounting systems: demographic accounts and time-based accounts.

- ***Demographic-based accounts*** are based on national accounting principles. The basic idea is that one can examine tables (matrices) that show flows (or states and flows) among different population groups (i.e., not individuals) with different characteristics at different points in time. This allows an integrated approach to examining changes in status including many social dimensions – education, health, marital status, income, wealth or even subjective well-being status. The demographic dimension of the accounts allows life expectancies to be divided up into expected time in a whole series of states. Economic links enable costs or benefits to be associated with the relevant states.
- ***Time-based accounts*** use two types of accounting principles: one based on national accounting principles and the other on time use. This approach is based on micro (individual level) data. It provides an integrated approach to subjective and objective measures of well-being. Time is allocated to both market production and non-market activities. These activities produce a range of outputs (earnings which can provide goods and services, a clean house, improved health, etc.). The activities add up to the 24 hours that are available in a day, providing a powerful accounting tool. The satisfaction obtained from the outputs can be measured – as can sustainability (the capacity to continue on in life). There are three levels of accounts: a household output account, a capital account and social output account. The capital account provides the link to economic statistics and the SNA, while the social production account deals with matters related to social well-being.

Time-based accounts were generally preferred:

- Demographic accounts were not based on micro data and, consequently, were far less flexible, especially in analyzing many variables at the same time. Their reliance on large matrices meant that far more data would need to be collected than was required for substantive analysis.
- The micro time-based accounts were more efficient and allowed far more integration (e.g., between objective and subjective data). As well, the micro approach could readily take account of macro data.
- The time-based micro system could work with whatever data were available; it did not require full-scale implementation to be analytically useful.

Principles for future development

A 1980 symposium (Juster and Land 1981) on social accounts identified the following characteristics that should guide future work on social accounts:

- The system should be general purpose in nature – serving a broad spectrum of demographic, social and economic research, and creating a comprehensive common data base.
- It should integrate micro and macro data in the sense that the macro accounts should be conceptually derivable from aggregations of micro accounts.
- The system should not require the estimation or recording of trivia that arise purely because of accounting design.
- The system should be open-ended, so that analysts interested in specific problems or particular kinds of data can build on the existing system without having to begin anew.

The social accounts movement was an explicit attempt to further extend national accounting principles on the social side – or, in other cases, it was an attempt to emulate national accounting principles using other means.

The further work described in Figure 17 was not followed up under the heading of 'social accounting' per se, which fell out of favour shortly after the workshop[73]. Even the term 'social accounting' in the sense used in this paper has largely disappeared[74]. This disappearance was not the result of any particular decision or the discovery of any large weakness in social accounting. Rather people just lost interest as a new, more ad hoc agenda made more practical sense.

Attention in the years since 1980 shifted away from big conceptual frameworks in many areas. Economic times became tougher and there was less optimism on the social front. Expectations created about the benefits of a rational, systematic approach to planning were far higher than could be realized. Most important, there was little appetite for innovative thinking about new directions in social policy, let alone its theoretical structure. The great majority of the welfare state programs had been introduced and the main tasks were ones of fine-tuning and cost control.

Moreover, practical, operational systems did not exist for the micro-level data collection and analysis that had been contemplated by the social accountants in this period. Social accounting was technically feasible for relatively small scale analytic and research applications. It is only recently that the needed computing power has become available to allow the introduction of micro-analytic systems on a wide-spread basis and at reasonable cost.

What the new computing power of the 80s and 90s could do very well was to allow the efficient collection and analysis of a lot more survey data. Accordingly, starting in the 70s, there was rapid growth in the numbers of cross-sectional sample surveys covering many domains of social life. In the more recent period, there has been significant growth in the area of longitudinal surveys and increasing, if still modest, statistical exploitation of administrative records.

The argument of this paper is that transformative policy change is again on the near time horizon and that, accordingly, now is the time to begin thinking about new framework, or common social policy language. The needed technology is already available and has been successfully used in other domains.

[73] As far as this author is aware, time-based accounting has almost completely disappeared as a separate area of investigation. However, there has been much progress in collecting time use data where survey respondents account for their allocation of their time, typically over the course of a 24 hour day – and in policy-related analysis of that data. (The new Olivia framework described below encompasses time-based accounting, but not as a sole focus.) Demographic-based accounting has survived in a form now known as Social Accounting Matrices. These are useful tools in some circumstances but, as they suffer the problems identified in the golden age dialogues, applications are quite limited; they are barely known in social policy world. A Canadian version of such a matrix can be found in Siddiqi and Salem (2006).

[74] 'Social accounting' has a completely different meaning in current usage. It now refers to the process of reporting on the environmental and social effects of economic actions.

8.2. The origins of the Olivia framework

In 2004, the Policy Research Initiative[75], a central policy think tank within the Government of Canada developed a descriptive framework, known as the Olivia framework to support policy-relevant social analysis and statistical planning. The framework developed in several waves and its evolution continues. Subsequent versions developed in Social Development Canada, in ESDC and by the present author increased the scope of the framework[76].

The Olivia framework is today's version of social accounting. It has the potential to become the conceptual framework to support analysis in the enabling society. It integrates social analysis by providing a map of the holding cells in the 'honeycomb' of big statistics described in Chapter 7. It provides the conceptual framework to move from a world of unstructured 'big data' to the vastly more powerful world of 'big statistics'.

It supports integrated quantitative and qualitative analysis by providing concepts and definitions for those cells in the honeycomb that are filled with actual statistical data and also for those that may never contain statistical information but that are useful in case studies and other qualitative applications[77].

In its present version it provides a set of integrated concepts that encompass lifecourse, asset-based, network, time use and place-based perspectives, while still building on traditional economic perspectives based on point-in-time transactions. It has the potential to encompass subjective data about values, perceived well-being and opinions that parallels and re-enforces the usual objective statistics.

8.3. Overview of its current contents

The framework starts with specific individuals and specific institutions (institutions are defined broadly and include, for example, firms, schools, voluntary organizations, government programs and informal social networks). The emphasis is on the individual with the individual being situated in his or her social and economic context through the use of the flows of resources[78] that take place among

[75] PRI (2004). The PRI is now known as Policy Horizons. The first version of the Olivia framework was imperfect. See Marshall and McMullin (2010) for a criticisms. Nevertheless its basic structure and concepts proved highly flexible during subsequent development, requiring small adjustments only.

[76] The most recent versions are Hicks (2008a) and Hicks (2012b).

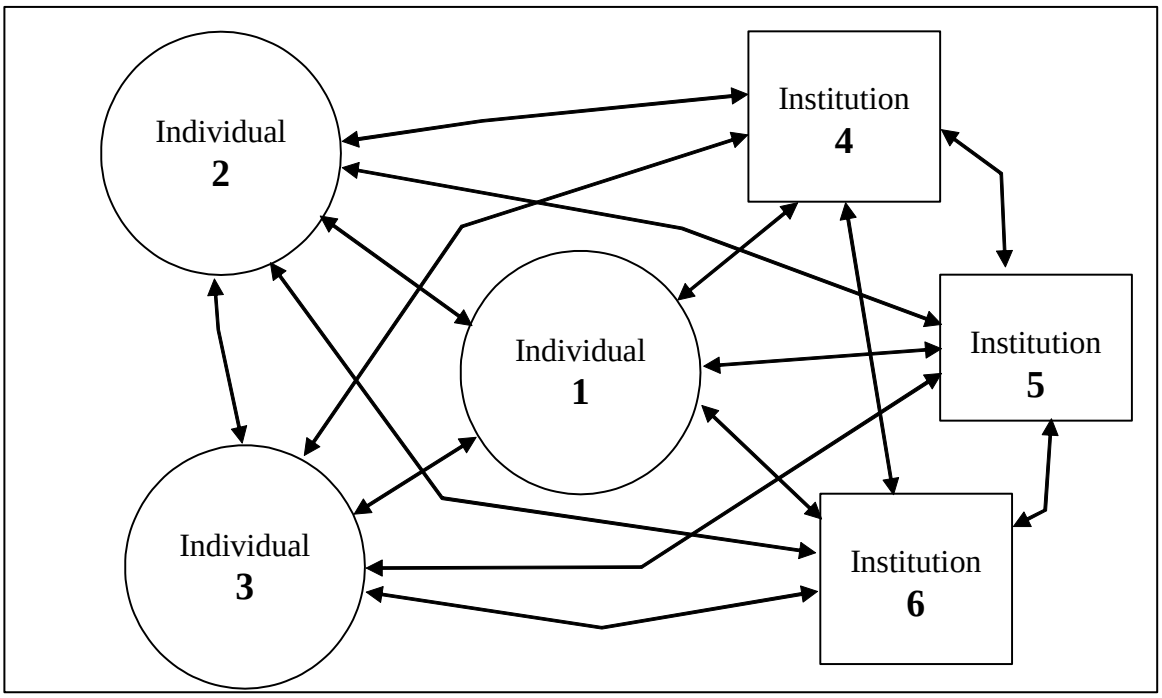
[77] Earlier versions of the Olivia framework were not sufficiently clear on this point, namely that everything covered by the framework is potentially quantifiable, but that not all the concepts are intended to be quantified in the system of national social statistics. For example, concerns were expressed that the system seemed to require detailed time use data covering the 24 hours a day for all Canadians, during all periods of time. This would never be possible in practice. While time use data are highly important both for qualitative and quantitative analysis, the fact that it is only collected periodically in sample surveys does not pose any problem for the framework.

[78] The resource flow approach is similar to, and can be easily converted to, the activity approach used in the time-based social accounts. In both cases, activities (non-monetary flows) have durations that add up to 24 hours a day. There are excellent reasons for thinking in terms of resource flows, rather than activities. For example, the resource flow model defines individuals in terms of their social context and in their dealings with others. It also embeds the fundamental notion that flows are two-way, that things are always done for a purpose or have a consequence (a return flow) – but that this return flow might be of different kind and might be at a later time. This sets up analysis of both flows and stocks – of investments, of mutual obligations, of social capital. It invites comparative analysis of monetary transactions and non-monetary interactions. It reconciles two types of dynamic analysis: stock and flow analysis, and

individuals and between individuals and institutions. These flows include monetary transactions (the purchase of goods and services or the receipt of a salary for time spent working) and non-monetary interactions (often involving the flow of information). This technique allows a network of flows to be created among individuals and institutions, with the network in effect describing the relationships among all the nodes in the system.

Figure 18 shows the basic cross-sectional model that underlies the entire conceptual framework. Everything else – longitudinal analysis, values analysis, links to macro analysis – is based on these building blocks of individuals, institutions and resource flows.

Figure 18. Model of cross-sectional resource flows



The resource flows are shown using double-headed arrows to suggest that flows go in both directions. For example, a flow of money is usually accompanied by a return flow of goods, services or information. We buy a loaf of bread for a dollar. Information flows, say between two neighbours, represent exchanges of gossip and news that, by definition, are of equal duration for both parties[79].

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transitions/trajectories analysis – which in turn allows analysis of latency, cumulative, and pathway effects that are used in some human development analysis.

In a few areas, however, the activity approach is closer to everyday language. For example, in the Olivia system, it is necessary to include a number of passive activities, such as sleep whose function is internal to the individual, as 'resource flows' – even though nothing obvious is flowing. This is needed because such activities are significant (personal biological maintenance in this case) and to ensure that the total of all non-monetary resource flows adds up to 24 hours a day. However, these problems are minor compared with the powerful strengths of the resource flow concept.

[79] In practice, a number of coding conventions will need to be developed to deal with cases of, for example, information flows via text messages. They might be coded as having a duration of 0 seconds or perhaps 1 second. Many such conventions will be needed as the Olivia framework's concepts are developed into a set of operational definitions.

However the flows need not be equal at any one time period. Unequal flows create debts, savings and gifts and obligations – the basis of asset-based analysis.

As is the case with any data base of this sort, there are standard ways of categorizing individuals and institutions. In the case of the Olivia framework, these descriptors largely follow standard practices used by national statistical agencies such as Statistics Canada. Figure 19 gives examples.

More innovative is the standard way of describing the flows that take place among individuals and institutions. Four basic types of flows are identified: money, information, goods and services[80]. These are categorized as:

- *Transactions*, which are the market flows that are usually monetary in character – buying and selling of goods and services, labour market and capital market transactions. Transactions provide the linkage to the traditional cross-sectional, micro-economic techniques that currently dominate social policy analysis.
- *Non-monetary interactions* that take place in the family, with colleagues in the workplace, in community groups and social networks. These are almost always flows of services and information, but can also include goods that are made at home and given as gifts. These interactions provide linkage with a wide range of social analysis, including time use and qualitative analysis.
- *Events*[81] are large transactions or non-monetary interactions that change basic relationships among individuals and institutions – e.g., getting married or divorced, going to a new school or graduating, having a baby, changing houses, having a spouse die, obtaining a job, being fired or retired, etc. Events are assumed to have no duration. Events provide the linkage to lifecourse analysis and, as explained in the footnote, allow concepts of risk and insurance to be integrated into the framework.

Each of these categories of flow has a standard set of descriptors including, obviously, the time and location of the flow, the parties involved, volumes (e.g., the dollar value of transactions), and the type of good or service that is flowing. Of particular interest are the following descriptors which allow the cross-sectional framework to be extended to the full range of analytic applications:

- The characteristics of the relationship-changing events – as just mentioned.

[80] Information can be logically thought of as a subset of services. However, it is simpler and more consistent with ordinary usage to keep them separate. For example, we usually do not see chatting with neighbours or dinner-time discussion with one's children as 'services'. Publishing a book is a service, but reading a book is not usually thought of as consuming a service. In the original version of the framework, time was also considered as a flow. However this proved confusing in subsequent analysis, where it was more satisfactory to simply treat time as being the duration of another flow.

[81] Events are not necessarily 'resource' flows in the ordinary meaning of flow, although they typically involve a change in the magnitude or direction of a transaction or non-monetary flow. An event changes the nature of a former flow, or creates a new flow – say to a different institution (changing jobs) or different individual (getting married, having children). As the Olivia framework is further refined, there will almost certainly be further development work on 'chance events' – the unpredictable things that add risk to life and the alter the future course of life, such as accidents or death or winning lotteries. This analysis will provide a further way of integrating concepts of risk and social insurance into the framework.

Figure 19. Standard typologies and descriptors, individuals and institutions

Standard descriptors of individuals	***Standard typology and descriptors of institutions***
There would be standard descriptors for each of the 35 million individuals in Canada: • Characteristics they were born with, or that arose out of their environment when they were born, including place and date of birth, the socio-economic and other characteristics of their parents, health status at birth, etc. • Current characteristics that people acquire during one stage of life that stay with them during subsequent stages. Examples include educational attainment and some aspects of disability and occupation. • Characteristics related to current resource flows, i.e., the flows shown on the graph above, for a particular current period such as yesterday. • Characteristics to the individual's current assets, i.e., those that result from the accumulation of previous resource flows (human capital in the form of skills and health, housing, financial capital, social capital). • Characteristics related to space and time. The basic unit is the dwelling or the institutional workplace in which activities take place. (This allows adding up in a flexible way to neighbourhoods, cities, local labour markets, national economies, etc. – enabling historic and macro-level data to be linked to specific individuals.) • Descriptors of individual well-being, including expectations, values, stress and perceptions of well-being or happiness – including a person's expressed satisfaction with the variables described in the preceding bullets, especially their assets. Subjective indicators such as these are dealt with on a highly detailed micro basis, comparably to 'objective' data.	Institutions are assigned to various categories according to a standard typology that codes institutions to grouping such as firms, non-for-profit organizations, extended and blended families, formal social networks such as Facebook, informal networks such neighborhood friends. Institutions in the public sector are coded in two different ways. First they are treated as employers (where government departments per se are distinguished from arm's length bodies such as schools and hospitals). Second, they are also treated as aggregations of the various programs they administer using a standard typology of different types of programs. Information about institutions comes from two sources: a summation of data from the individuals that comprise those organizations (e.g., in the case of a firm, it could be the number of employees and their educational attainment) and information collected at the level of the institution as whole (e.g., number of paid employees, their current occupation, hours paid for, fringe benefits, etc.). Often these sources will provide duplicate of overlapping data (number of employees in this example), a great strength of this kind of data base as discussed in the last chapter. Each of these categories of institutions has its own set of standard descriptors. In the case of firms, for example, they include ownership, industry type, types or products or services, financial data, number of employee and geographic location. Government programs are also categorized in additional ways, including by instrument type (along the lines of the typology found in Chapter 2) and by a hierarchy of inputs, processes, outputs and outcomes. Networks are coded by size, purpose, density and intensity (including support for analysis of weak ties, embeddedness tipping points and social capital).

- The duration of non-monetary interactions and information about the timing and sequencing of interactions, as well as their durations, in order to distinguish resource flows that overlap each other in time (such as simultaneously listening to the radio, cooking dinner and helping children with homework – or business lunches where the parties both eat and make deals). This information is useful in its own right, particularly for qualitative analysis and is also needed to enable time-based social accounting.
- The intensity of resource flows. The standard classifications have not yet been developed, but they will be crucial to the extension of the framework to cover assets – both human capital and social capital as discussed below.

- The purposes of resources flows and expressed satistifaction with those flows – which links to the values analysis, again as discussed below.

The current content of the framework is organized in four modules. Each module uses the consistent, measurable concepts above to describe individuals and organizations from a different perspective. The content of the modules is summarized in Figure 20.

Figure 20. The current content of the Olivia framework

Module One: resources flows

Module One provides a consistent terminology for describing resource flows. It is a simple extension of the traditional, point-in-time micro-economic analysis that is the basis of much of today's social policy analysis. It sets out consistent concepts for describing the interactions or transactions that take place among individuals and institutions. (An institution is defined very broadly to include government programs and informal social networks, as well as formal organisations such as firms, schools and non-governmental bodies.)

These concepts encompass the monetary flows that are the basis of the economy, as well as non-monetary flows of goods, services and information.

As well, Module One provides standard ways of describing the characteristics of individuals, institutions and resource flows. It is our starting point. For example, there is provision for coding resource flows by their duration, by their skills/learning intensity and healthiness intensity (which allows analysis of the human capital and human development as set out in Module Two), by their networking intensity (which, when more fully developed, appears to be a good basis for calculations of social capital and the role of communities), and by perceived satisfaction (which is one of measures of purpose in Module 4).

Module 2: lifecourses and stocks and flows

Module Two starts with the point-in-time resource flows and transactions of Module One, but uses them as the basis for a consistent approach for describing how people and social institutions change and develop over time. The module provides three quite different, but complementary, lenses by which we can describe social change and development in statistical terms.

First is a narrowly-defined lifecourse approach based on transitions (events) in the main trajectories of life. Events are large changes or discontinuities in the resource flows of Module One. Such analysis allows us to describe the main compartments and changes of life.

Second is stock and flow analysis that looks at, for example, financial capital, housing, human and social capital – and how these also result from the point-in flows in Module One. We build up assets from flows at one stage of life, and convert them back into other flows at subsequent stages of life. This analysis allows us to describe the continuities that cross the various transitions and stages in the lives of people and institutions.

Third is combinaton of the above that allows path dependency analysis involving latency, cumulative and pathway effects.

Module Three: meta and macro linkages

Module Three provides a set of concepts for describing the physical settings where individuals and social institutions are situated – neighbourhoods, cities, labour markets, provinces/states, the country as a whole, and international groupings such as OECD countries. These contain data that are built up from the characteristics of those who live in those locations and also exogenous data about those locations derived from other sources. This allows us to anchor people in real space and in real history. Similar techniques can be carried out for other higher level, non-geographic groupings such as occupations or ethnic or language groups, often referred to as meta-level analysis.

Module 3 allows us to use the micro-analysis of Modules One and Two in conjunction with macro- and meta-level analysis by attributing the following kind of information to individuals:

- The business cycles, wars, and climate changes that took place at different stages in the lifecourse of an individual.
- Workplace quality in the case of the firms in which they were employed.
- Social infrastructure, unemployment rates and crime in the case of the communities in which they lived.

Module Four: measuring purposes and well-being

Module Four provides a consistent set of systems-based concepts that can be used to describe the purposes or goals of individuals, institutions and societies.

For institutions, we use the familiar input-process-output-outcome model to describe purposes.

For individuals, the purpose is well-being. We approach this through concepts related to values, satisfactions and expectations – with these concepts rooted in the finely-grained descriptions of the first three modules, including both stocks and flows.

For societies, purpose is shown through social indicators, with the framework explicitly supporting a range of different approaches to social indicator development.

8.4. How the Olivia framework supports all forms of social analysis

The following pages take a closer look at how the frameworks provides concepts and terminology that can support a full range of analytic tool, including:

- Traditional cross-sectional, micro-economic analysis.
- Stock and flow analysis, including human and social capital.
- Lifecourse analysis.
- Analysis of purposes.
- A variety of other types of social policy analysis, some of which would be quite innovative.

Cross-sectional and traditional micro-economic analysis

Since the starting point for the model is a description of flows at a point in time, it, it is not hard to see how it continues to support cross-sectional micro-economic analysis. Figure 21 makes this clearer by expanding the basic flow model so that it explicitly shows the economic transactions that lie at the heart of much of traditional social analysis.

Figure 21 puts a single individual, Olivia in this case, at the centre of the system of flows. However the Olivia framework is not only centred on individuals. Similar charts could be constucted for any groupings of individuals or institutions. For example, the central box might be contain the aggregation of a number of individuals – such as all unemployed women living in Ontario, or post-secondary graduates working in the mining industy, or the Canadian population aged 65 and over. Or could all the firms in a particular industry, or all people employed in a particular occupation. Program beneficiaries and contributors can be added up to program groupings such as the Canada Pension Plan or the federal income tax system.

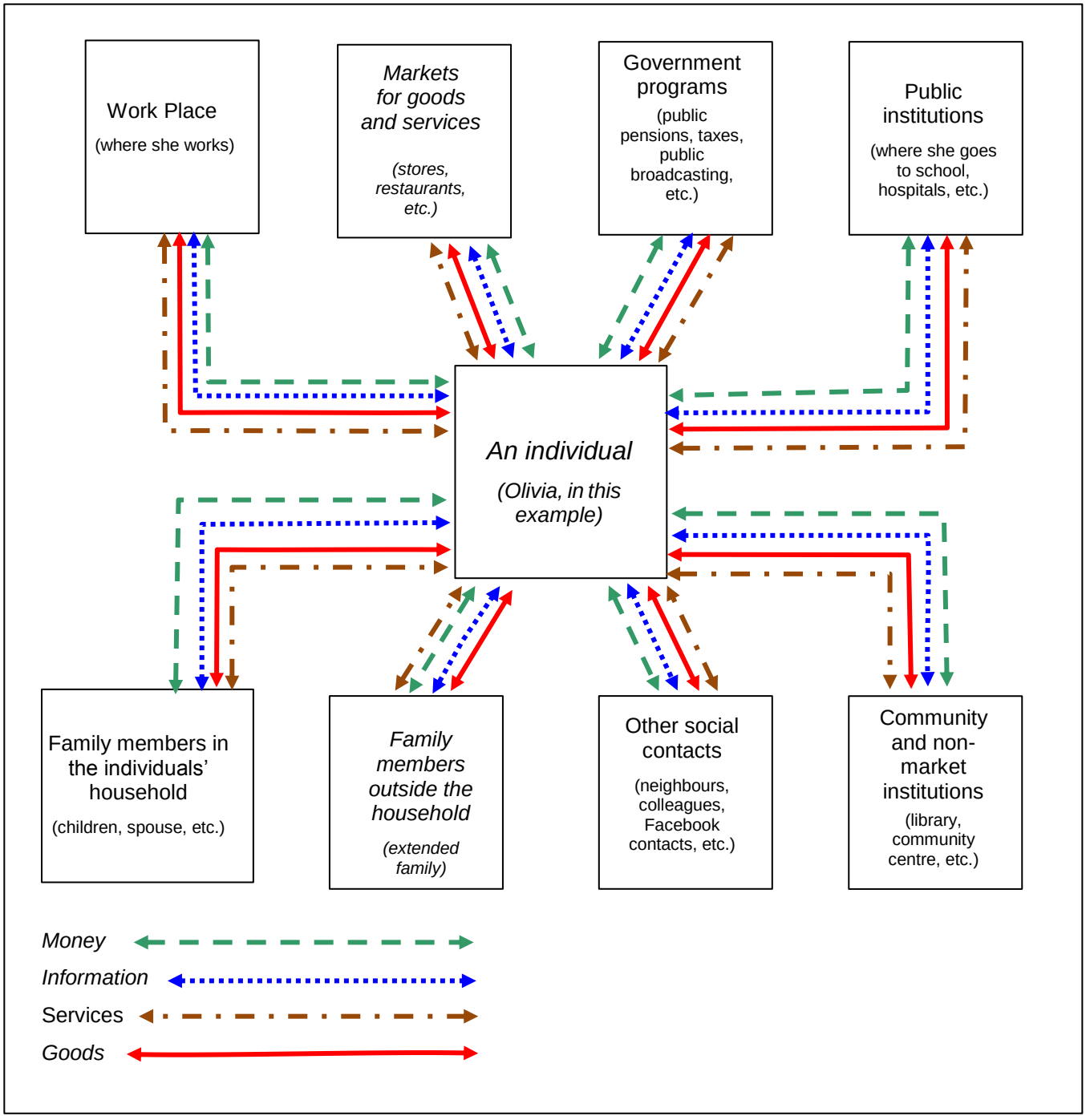
For example, data about the volumes of specific flows (and the attributes of flows such their duration) can be used to measure:

- Monetary transactions between specific groupings of individuals and institutions – in order to calculate Employment Insurance payouts to people under the age of 25 in Halifax; to compare the income taxes paid by people in different income groups; to calculate the cost of dental visits in Regina, to explore changes in the size of intergovernmental fiscal transfers, or to compare the wage costs in different industries and localities.
- The duration of selected flows among groups of individuals – in order to compare the amount of time that mothers and fathers devote to child care, or elder care; or to calculate the hourly earnings of different occupational groups.

In other words, the framework supports the full range of existing micro-economic and other cross-sectional analysis – and extends it greatly to also encompass non-monetary flows.

As a consequence, the Olivia framework also supports macroeconomic analysis to the extent the macro concepts are built up from, or are consistent with, micro foundations. This is typically the case, since

Figure 21. An expanded view of resource flows



NOTE: The two headed arrows in these charts suggest that there can be two-way flows in any of the resources: money, information, goods, etc. It is not meant to suggest that there are equal flows at any particular point in time for any one resource. For example, often money is exchanged for goods and services. Or, in any period of time, money inflows can exceed money outflows.

the System of National Accounts ensures consistency between micro and macro analysis in the economic data[82].

Analysis of changes over time: assets and lifecourse analysis

Cross-sectional flows can be used to create four ways of analyzing changes over time. Firstly, and obviously, social indicators and other forms of time series analysis continue to be supported based on the cross-sectional readings that have just been described. Second is asset-based analysis. Third is lifecourse analysis. Fourth is human development analysis based on notions of pathways and accumulated advantage and disadvantage.

Analysis of assets and capital

Over time, resource flows create stocks or assets[83]. Flows of money create savings or debts. Flows of learning-intensive activities create human capital. Flows with others in a network create social capital[84]. These assets can then be drawn down at a later time to create new resource flows – ideally at a time in life when they are most needed.

Figure 22 shows how the framework supports asset-based analysis.

Earlier versions of the Olivia framework provided an illustration of the role of assets in the life of Olivia. It showed a graph of how her financial assets, physical assets (e.g., housing, car), human capital and social capital changed over the course of her life. In her case, financial capital was U-shaped over life, if one counts her share of her parents wealth when she was a child living at home. If one looks only at the assets she held in her own name, both physical and financial assets increased grew later in life, particularly after the age of 50. Major changes in her financial and physical capital were related to her changes in family relationships, particularly her late second marriage.

In this illustration, Olivia's human capital also grew over life, until near the end of life when she withdrew from voluntary activities and began losing skills, and when her health began deteriorating. Her social capital on the other hand was highest when she was young (strong family bonds and school friendships) and when she was in her 50s (active in both work and voluteering) and lowest when in her

[82] There are some minor inconsistencies between the survey data typically used in social statistics and the concepts of the System of National Accounts. For example, they use somewhat different concepts in areas such a home ownership and employer contributions to pension plans. Also, there are important economic transactions taking place that affect the individual but without the individual's direct participation – such as the rise or fall in the value of stocks that are held. The conventions to be used in these cases were discussed in documents associated with the golden age of social accounting. A Canadian paper (Siddiqi and Salem 2006) made many of the needed adjustments in the context of developing a Canadian Social Accounting Matrix.

[83] In addition to financial, human and social capital, some of the literature identifies neighbourhood or cultural capital – often defined in terms of the community resources available such as schools, community centres, parks and convenient shopping. This kind of analysis is fully supported by the Olivia framework in the Module 4 which deals with the spatial dimensions. It can be fully integrated with the analysis of human, social and financial capital that arise directly from individual resources flows.

[84] The Policy Research Initiative, the Social Research and Demonstration Corporation and ESDC (in its various past manifestations) have played important roles in exploring the uses of social capital concepts and data in policy applications. In the academic world, Barry Wellman at the University of Toronto has played a key role in areas such as network analysis including the roles of the internet, social relations and social structures. An anonymous critic of an earlier draft of this paper usefully pointed out the fruitful intersection of human capital and social capital approaches in a number of topics of policy interest, including ways in which new immigrants integrate into Canadian society.

Figure 22. From flows to stocks: measuring financial, human and social capital

Stocks of assets – financial, human and social capital – can be directly measured by asking individuals and institutions to provide information about their current asset holdings. As well, estimates of assets can be built up from the earlier resource flows that were illustrated in Figure 21.

Financial capital

In the case of financial capital and durables (e.g., bank accounts and house ownership), the way in which stocks are built up is straight-forward. If money flowing in at a point in time does not equal money flowing out, the result will be the creation, over time, of savings and debts, home ownership and mortgages.

Human capital

Human capital is a main subject of social analysis. It deals with investments in developing skills and good health, and the subsequent returns from those skills and from that good health.

Skills. 'Skills' is shorthand for analysis of the full range of peoples' skills, knowledge, aptitudes and abilities. It includes how these were acquired both through experience and in more formal learning settings – and how they are lost through lack of use or a deterioration of one's mental and physical health. It also includes how they were used, with most analysis concentrating on labour market uses (i.e., providing services to employers in return for wages).

In the Olivia framework, stock measures of skills are captured directly by individual descriptors related to educational experience, current literacy levels, occupation, experience, etc.

The measures of the flows that created this stock of skills have yet to be fully developed but the proposal is to base them on standard descriptors of *learning/skills intensity*. These descriptors will classify the extent to which different resource flows require the use of skills and, as well, the potential for learning associated with those flows. For example

- In challenging jobs or difficult academic courses, for example, we might expect that there is both a high level of skills being applied and a high level of skills being learned.
- In more passive learning (say, in watching a TV documentary or reading a business report), there might be only a moderate application of skills but considerable potential for acquisition – learning new things.

Health. Health refers to analysis based on the WHO positive definition of health – including the determinants of good health and how health status helps or constrains subsequent resource flows later in life.

In the Olivia framework, stock measures of health are based on current descriptors of health status, including obstacles to the conduct of those activities that comprise normal daily living.

Flow measures have yet to be developed but, as with skills, the likely approach is likely to including coding of resource flows by *health intensity*:

- The extent to which those flows were constrained by limitations on the individual's capacity to perform Activities of Daily Living, based on the considerable existing classification work that now exists in this area.
- The extent to which those flows have the potential to improve or weaken health, including dietary practices, physical exercise, stress, environmental factors, etc.

Social capital

Social capital has received much attention in the academic literature in recent years, particularly in the field of sociology, with Canadians playing an important international role. However it is less developed in the area of official statistics, with no fully developed consensus on either its role in official government statistics or on best approaches to practical, routine measurement.

Social capital deals with interactions within networks and with the subsequent benefits that are realised from investments in those networks. These investments are usually in the form of flows of information (whether informal chatting with neighbours, on-line social networks, or more formal 'what worked best for me' discussions among people with similar interests and problems). However they could also include services (e.g., shovelling snow for a sick neighbour or more formal volunteering) or money (e.g., charitable donations).

The Olivia framework, which is based on networks of resource flows, including informal networks, is ideally suited to supporting developmental work leading to standard measure of social capital. The approach, as with the measures of skills intensity and health intensity, would be to develop standards for measuring the *networking intensity* of interactions with other people and institutions. Existing typologies of networks (e.g., bridging, bonding,) may provide a starting point.

middle years when her financial assets were also low (divorce, spells of unemployment, moving to a different city). Social capital also fell rapidly in the later years of life, especially after the death of her husband.

This example was, of course, an illustration of qualitative analysis – showing showing the factors that led to the creation of capital, and how the various forms of capital work in combination, over the life of particular individual. However, once the data are available in the system of big statistics, quantitative analysis can be carried for different population groups. And that in turn will add huge power to future qualitative analysis since the narratives of people's lives can be situated in the context of actual statistics about the characteristics of the different groups to which they are a part.

When analysis based on stocks is combined with analysis based on the lifecourse concepts discussed below, it become possible to undertake analysis of human development based on concepts of accumulated advantage and disadvantage – how experience in early life shapes the way in which life unfolds in different conditioned pathways over time.

Lifecourse analysis

It would be hard to underestimate the importance of lifecourse perspectives in understanding the changes that are taking place in social and employment policy. Both the human development and vulnerability goals of social policy are now being cast in lifecourse terms, as are resulting policy responses – making an actual, measureable difference in what happens over the course of people's lives. From the perspective of devising conceptual frameworks, it has particular advantages. First it is broad perspective and helps integrate many dimensions of social and labour market policy and analysis. Second it is a perspective only, not a rigid theory. That is, it complements, not excludes, other theories and perspectives. Readers interested in more background will find a short, accessible paper[85] by Victor Marshall to be an invaluable review of the evolution of lifecourse thinking, including a discussion of main issues and how lifecourse perspectives relate to policy.

Lifecourse analysis can be defined broadly or narrowly. A recent formulation[86] identifies a broad approach based on four principles: (1) that our daily experiences form a trajectory that begins at birth and stretches to death; (2) that lifecourse patterns unfold in a multiplicity of interconnected realms; (3) that social bonds form throughout our own lifecourse and that of others; and (4) that a variety of local and national contexts shape lifecourses and are shaped by them.

Some of these dimensions are shared with other analytic perspectives and are built into the various modules of the Olivia framework[87]. For example, Module 1 places individuals in their social contexts. Module 2 on assets and flows deals with social bonds and the building of social capital. Module 3 on spatial dimensions places people in their local and national contexts. What is missing from these other

[85] Marshall 2011. The paper in question was the inaugural presentation at the inauguration ceremony of the Swiss National Center of Competence in Research, LIVES, on March 2011. The paper summarizes more detailed analysis of the way in which the lifecourse perspective is useful in policy thinking found in Marshall (2009). This latter paper also critiques the original PRI lifecourse work, of which Olivia was one element.

[86] McDaniel and Bernard 2011.

[87] The Olivia framework had its origins in lifecourse thinking, one of defining characteristics of new enabling society policies. Indeed the first report on the framework's development (PRI 2004) was titled 'A Lifecourse Approach to Social Policy Analysis: A Proposed Framework'. The very earliest internal draft by Stéphanie Gaudet (currently with the Department of Sociology and Anthropology at the University of Ottawa) was intended to introduce the lifecourse concepts of transitions and trajectories to her economist colleagues.

perspectives is the narrow lifecourse perspective that, throughout life, lifecourse patterns unfold in a multiplicity of interconnected realms.

Module 2 therefore sets out lifecourse concepts which describe how people's lives unfold through transitions, events and states in a variety of trajectories in different domains of life, with attention placed on the importance of the sequences and durations of transitions and states.

Basically, the framework divides an individual's life into various domains such as life in school, life in the family, and life at work. These are referred to as trajectories. A trajectory consists of transitions and intervening states. For example:

- A *state* (or stage of life) might consist of holding a particular job or being married to a particular person, or going to elementary school.
- A *transition* might be losing that job, becoming retired, getting a divorce, or moving on to secondary school. In the Olivia framework, transitions are defined as *events*, the large changes in flows (both transactions and non-monetary flows) of Module One.
- A *trajectory* consists of sequences of transitions and states in the main domains of life. As an example, a work trajectory would include a person's lifetime experience in the labour market, including various transitions (losing, finding, changing jobs) and states (holding jobs of different tenures, various periods of job search or training to find new jobs). Some lifecourse researchers prefer the terms 'career' or 'status passage' rather than 'trajectory', but the underlying concept is about the same.

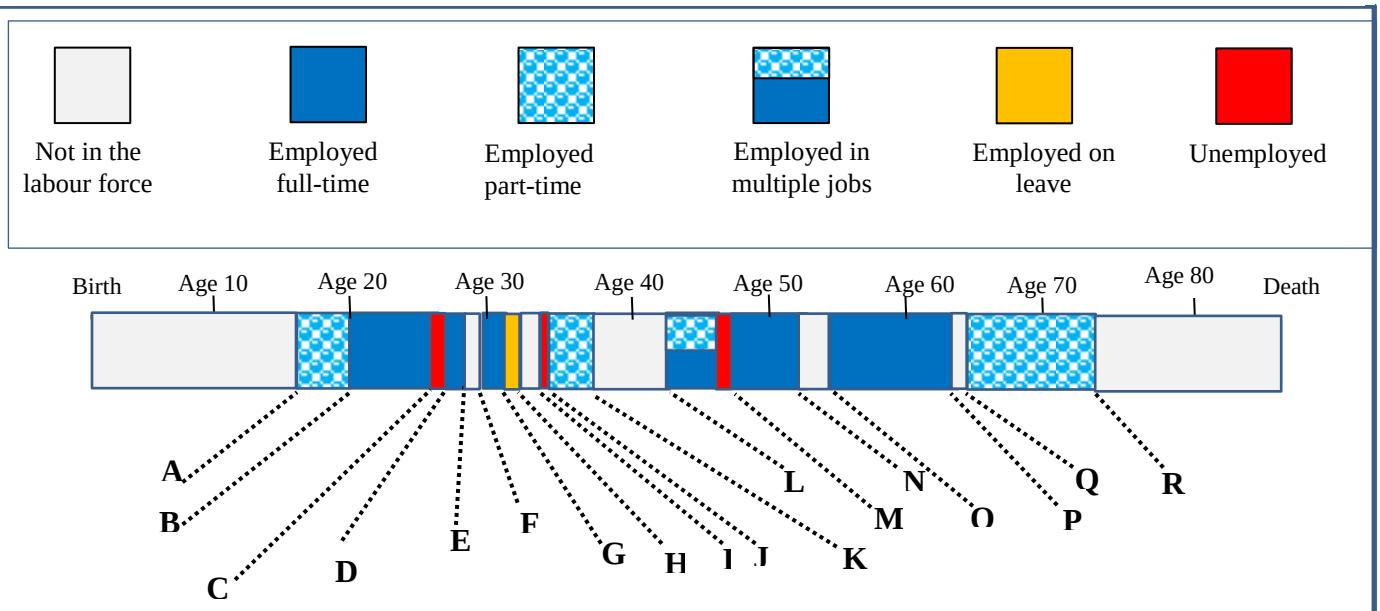
The Olivia framework, being based on microdata concepts, allows users to construct both trajectories and events in any manner they wish, given the research or analytic objectives at hand. However, in order to facilitate consistent analysis, it also provides standard coding that will cover the great majority of uses:

- The set of pre-coded events will be built up over time, starting with the many thousands of variables that are currently used in national statistics such as birth, becoming unemployed, graduating from school, etc.
- The pre-coded trajectories will again start with commonly used domains where good statistics are now available such as life in the labour market, in schools, in the extended family, in households, etc. These could be supplemented by additional standard trajectories when there is a sufficient consensus on how these should be defined. Examples might be a community participation trajectory or a caregiving trajectory.
- Pre-coded events/trajectories need not be mutually exclusive. For example, one type of household trajectory could concentrate on the physical characteristics of the household, its size, its location, its safety, etc. Another type of household trajectory could concentrate on family size and generation, such as living alone, living in a household with one, two or three generations present.

Figure 23 provides an example of the labour force trajectory of Olivia.

In earlier versions of the Olivia framework, similar graphs were also drawn for the household and learning trajectories in order to illustrate the interplay among three of the most common domains of life – at home, at school and at work.

Figure 23. Labour force trajectory of Olivia



EVENTS

A. At age 16, she works part time during the school year and has summer jobs (link to learning trajectory).

B. At age 20, after graduating, she immediately gets a full-time job (link to learning trajectory).

C. At age 26, she is laid off and starts looking for new employment.

D. After six months of unemployment, she finds a new full-time job.

E. At age 28, she takes 4 months (17 weeks) unpaid maternity leave after the birth of her first child (link to household trajectory).

F. At age 29 she changes jobs and works in a new suburb.

G. At age 32 she takes six months of paid maternity leave after the birth of her second child (link to household trajectory.

H. At age 34, with family split up (link to household trajectory), Olivia quits her job to look after her children. She's not active in the labour market.

I. At age 36, she starts looking for suitable work.

J. After six months of searching she finds low-paying part-time work.

K. At age 38, her part-time jobs disappear. She gives up looking for work

L. At age 44, Olivia finds full-time work as a result of an active labour market program. She also finds an extra part-time job on the weekends.

M. At age 47, she quits her job to move to Hamilton. (Link to household trajectory).

N. It took a year to find a new job, but it was a better than the preceding job, with no need for part-time work.

O. At age 54, she changed jobs, but is with the same employer.

P. At age 63, she officially "retires" from paid work.

Q. At 64, after a year of "retirement," she takes on a part-time, paid commitment as an organizer for a health-related service organization

R. At 73 she withdraws completely from work

One of these illustrations, again a qualitative example, looked at one resource flow only, the flow of money, and showed Olivia's incomes and expenses and savings at different stages of life overlaid against the events and stages of her life in the three trajectories. This showed, for example, how the pooling of her earnings with those of her husband played a large role in her expenditures and living standards over life, the effect of divorce and raising children on expenditures and savings, and how her husband's death affected her savings. Such charts present an integrated picture of intra-family flows of money and household expenditures at different stages of life. Another application would be an examination of the effects of unemployment or parental leave on an individual's work and household trajectories.

Another qualitative illustration from earlier versions of the framework showed how events and activities within the various trajectories of life worked together to create stress and time-crunches over the course of Olivia's life. Once again, these are qualitative examples but they also illustrate the kind of quantitative analysis that will be possible be possible in a system of big statistics.

Analysis of purposes and values

Module Four sets out standard concepts to describe the purposes of individuals, institutions and societies – and the extent to which those purposes have been achieved.

The purposes and objectives of institutions relate to outputs and outcomes. The Olivia framework uses the hierarchy of inputs, processes, outputs and outcomes described in Figure 13.

The framework does not propose any single measure of the purposes of people as they relate to social and human resources development. Nor does it include any elegant combination of measures of an individual's success in meeting those purposes, such as an index of perceived well-being or happiness. Rather the framework sets out a multitude of micro measures that analysts can use to create these overall measures or undertake any type of analysis related to values or subjective well-being. These are all related to the foundational concepts of resources flows, assets and lifecourse trajectories. For example:

- The volume of resource flows such as goods and services that the individual receives and the volume of his or assets – in order to support traditional material indicators of well-being.
- Satisfaction with time spent in various activities.
- Stresses and time crunches related to events and transactions.
- Constraints on participating in different activities, including disability, temporary sickness, lack of facilities (the wanted institutions and networks do not exist), or lack of geographic access.
- Satisfaction with respect to the substance and delivery of the resource flows to and from social institutions and networks – including government programs.
- Satisfaction with one's human and social capital.

The system would also provide a home for all micro level data related to values or well-being that researchers have collected by surveying individuals, such as measures of trust and perceived overall well-being. These are simply treated as individual descriptors.

In terms of society-level measures, all the standard social indicators used today would, of course, be supported by the framework – income levels, educational attainment, leisure time, longevity, and the extent of poverty and inequality. The framework also opens some interesting new possibilities that

could be explored. For example, it would be possible to construct a new generation of time-based social indicators such as expected lifetime hours spent in work, in school, in family unions or alone, in sickness, in low income, etc. Also it might be possible to develop a set of indicators based on assets as well as flows.

Other forms of analysis

Many other kinds of analysis are supported. Indeed, because of its micro foundations, the framework can be adapted to virtually any kind of analysis and to cover any type of social topic.

For example, as already described, the framework is particularly rich in supporting various kinds of qualitative analysis and allowing a much stronger linkage of qualitative and quantitative analysis.

Being based on resource flow networks, it should provide much opportunity for researchers using newer forms of network analysis. Demographic analysis, including studies of generations and cohorts, is fully supported. Time use analysis is, of course, strongly supported.

Lifespan psychology overlaps with the more sociological approaches to the lifecourse used in the framework[88] and a start has been made in exploring the use of the framework in other applications in psychological analysis[89].

The spatial dimension of the framework (Module 3) is particular useful in integrating many kinds of analyses. As already noted, this includes macro-level economic analysis, geographic analysis, historical analysis and environmental analysis. For example, the framework provides a way of integrating various approaches to sustainable development including both generational and environmental perspectives.

Another area of interest is the potential for integrating analysis of regulatory instruments, including broader human rights issues, together with analysis of spending /information instruments. Regulatory/rights analysis currently takes place in a separate silo from the analysis of spending instruments where economic and sociological perspectives prevail. The trajectories of the Olivia framework can be defined in terms of the rules that govern behaviour in those trajectories – family law, labour market regulation, etc. These trajectories provide the link between the analysis of regulatory instruments and the analysis of spending instruments. Matters related to crime and victimization might, for example, find their place in the framework through a safety and justice trajectory – although this would require further exploration.

Another application discussed in Part One relates to the governance of social policy. The framework encompasses all the evidence identified in Figure 13 that allows an integrated approach to managing horizontal and vertical issues and that will allow the whole system to act on the basis of empirically-driven partnerships.

In terms of policy areas, the framework now covers the social and employment topics that are the focus of this paper. Possible extensions as part of the implementation strategy include adapting the framework to explicitly include concepts related to health policy (including mental illness, disability, chronic conditions and addictive behaviours), public safety and justice as noted above, and housing.

[88] Mayer, 2002

[89] Little and Phillips, 2006. The paper uses the case of 'Oliver' to explore the use of the framework in conjunction with personal projects.

The extension to the health area would be particularly useful. Health is treated in the framework as one dimension of human capital. All the usual information related to population health and the operations of the health care system appear to be quite compatible with this perspective. Lifecourse influences on subsequent health (known as latency, cumulative and pathway effects) should be able to be incorporated into the framework's concepts without difficulty. With the inclusion of health data, the framework and its big statistics would result in particularly powerful analysis of the determinants of health and analysis of the obstacles to daily living. Clinical trial data would support powerful 'what works best' applications and current initiatives to computerize doctors medical records would provide, when taken in conjunction with existing hospital data, very rich institutional data.

The education field, particularly postsecondary education, would be another case where much of the data exists to allow an early transformation to 'what works best' technology. One could examine the subsequent careers of graduates from different fields of study and different colleges at a fine level of occupational, industrial and geographic detail. This would provide individual students with a much stronger basis of evidence of expected outcomes when they chose their educational paths – and it would result in a vast improvement in economy-wide information about labour supply and demand and on specific skill shortages and surpluses. Similar gains could be made for workers at all educational levels, particularly when done in conjunction with standards assessments of individuals' skill levels, including generic skills.

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